

BASE PROSPECTUS

PIRAEUS BANK



PIRAEUS BANK S.A.

(incorporated with limited liability in the Hellenic Republic)

€10 billion Global Covered Bond Programme

Under this €10 billion global covered bond programme (the **Programme**), Piraeus Bank S.A. (the **Issuer** or, as applicable, **Piraeus Bank**) may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). Covered Bonds may be issued in bearer or registered form.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 (as amended) (the **Luxembourg Act**) on prospectuses for securities to approve this document as a base prospectus (the **Base Prospectus**). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Act. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to trading on the *Bourse de Luxembourg*, which is the Luxembourg Stock Exchange's regulated market (the **Luxembourg Stock Exchange's regulated market**) for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) and to be listed on the Official List of the Luxembourg Stock Exchange. This document comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (including, without limitation, the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) but is not a base prospectus for the purposes of Section 12(a)(2), or any other provision of or rule under, the Securities Act.

References in this Base Prospectus to Covered Bonds being listed and all related references shall mean that such Covered Bonds are intended to be admitted to trading on the Luxembourg Stock Exchange's regulated market and are intended to be listed on the Official List of the Luxembourg Stock Exchange's regulated market.

The Programme also permits Covered Bonds to be issued on the basis that they will be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer, the Trustee (as defined below), the Arranger (as defined below) and the relevant Dealer(s). The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated or unregulated market.

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €10 billion (or its equivalent in other currencies calculated as described herein). The payment of all amounts due in respect of the Covered Bonds will constitute direct and unconditional obligations of the Issuer, in addition to having recourse to assets forming part of the cover pool (the **Cover Pool**).

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an on-going basis (each a **Dealer** and, together, the **Dealers**). References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to the lead manager of such issue and, in relation to an issue of Covered Bonds subscribed by one Dealer, be to such Dealer.

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Series or Tranche (as defined under "*Terms and Conditions of the Covered Bonds*") of Covered Bonds will be set out in a separate document specific to that Series or Tranche called the final terms (each, a **Final Terms**) which, with respect to Covered Bonds to be listed on the Official List of the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of such Series or Tranche of Covered Bonds.

Piraeus Bank has been rated Caa1 by Moody's Investors Services Cyprus Limited (**Moody's**), CCC+ by Standard and Poor's Credit Market Services Italy, S.r.l. (**Standard and Poor's**) and B- by Fitch Ratings Limited (**Fitch**). Each of Moody's, Standard and Poor's and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's, Standard and Poor's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

The Covered Bonds issued under the Programme are expected on issue to be assigned a rating of B+ by Fitch. Covered Bonds issued under the Programme may be rated or unrated as specified in the applicable Final Terms (as defined herein). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation. Whether or not any credit rating applied for in relation to any Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted under the CRA Regulation from using a credit rating for regulatory purposes unless such rating is issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Investing in Covered Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations in respect of the Covered Bonds are discussed under "*Risk Factors*" below. Please review and consider these risk factors carefully before you purchase any Covered Bonds.

Arranger

Barclays

Dealers

Barclays

Piraeus Bank S.A.

The date of this Base Prospectus is 12 August 2014.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Covered Bonds issued under the Programme and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus and the Final Terms is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Certain specific information in this Base Prospectus has been sourced from a third party. Such information, and its respective source, is indicated in each relevant section of this Base Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source specified, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Copies of each Final Terms (in the case of Covered Bonds to be admitted to the Luxembourg Stock Exchange) will be available from the registered office of the Issuer and from the specified office of the Paying Agents for the time being in London or in Luxembourg at the office of the Luxembourg Listing Agent.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated by reference (see the section entitled “*Documents Incorporated by Reference*” below). This Base Prospectus shall be read and construed on the basis that such documents are so incorporated by reference and form part of this Base Prospectus.

Each Series (as defined herein) of Covered Bonds may be issued without the prior consent of the holders of any outstanding Covered Bonds (the **Covered Bondholders**) subject to the terms and conditions set out herein under “*Terms and Conditions of the Covered Bonds*” (the **Conditions**) as completed by the Final Terms. This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Series of Covered Bonds which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. All Covered Bonds will rank *pari passu* and rateably without any preference or priority among themselves, irrespective of their Series, except for the timing of repayment of principal and the timing and amount of interest payable.

The Issuer has confirmed to the Arranger and the Dealers named under “*General Description of the Programme*” below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Covered Bonds) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and the offering and sale of the Covered Bonds) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer or the Arranger.

Neither the Dealers nor the Arranger nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Covered Bond shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if

later, the date upon which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Arranger and each of the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Covered Bonds, see "*Subscription and Sale*". In particular, Covered Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to U.S. persons. Covered Bonds may be offered and sold outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Covered Bonds and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Covered Bonds. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Covered Bonds outstanding at any one time under the Programme will not exceed €10 billion (and for this purpose, the principal amount outstanding of any Covered Bonds denominated in another currency shall be converted into euro at the date of the agreement to issue such Covered Bonds (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate principal amount of Covered Bonds which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement as defined under "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **€**, **EUR** or **euro** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union (**EMU**) pursuant to the Treaty establishing the European Community and references to **Swiss francs** or **CHF** are to the lawful currency for the time being of Switzerland.

In this Base Prospectus, all references to **Greece** or to the **Greek State** are to the Hellenic Republic.

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person, making or intending to make an offer in that Relevant Member State of Covered Bonds which are the subject of an offering or placement contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Covered Bonds, may only do so in circumstances in which no obligation arises for the Issuer, the Arranger or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the Arranger or any Dealer has authorised, nor do any of them authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer, the Arranger or any Dealer to publish or supplement a prospectus for such offer.

In connection with the issue of any Series of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail.

However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation or over allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations in respect of the Covered Bonds issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below. It is not possible to identify all risk factors or to determine which risk factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. If potential investors are in doubt about the contents of this Base Prospectus they should consult with an appropriate professional adviser to make their own legal, tax, accounting and financial evaluation of the merits and risk of investment in such Covered Bonds.

Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Covered Bonds" below or elsewhere in this Base Prospectus have the same meanings in this section. Investing in the Covered Bonds involves certain risks. Prospective investors should consider, among other things, the following:

Factors that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme

The Covered Bonds will be obligations of the Issuer only

The Covered Bonds will be solely obligations of the Issuer and will not be obligations of, or guaranteed by, any of the Trustee, the Asset Monitor, the Account Bank, the Agents, the Hedging Counterparties, the Arranger, the Dealers or the Listing Agent. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Covered Bonds shall be accepted by any of the Trustee, the Asset Monitor, the Account Bank, the Agents, the Hedging Counterparties, the Arranger, the Dealers or the Listing Agent, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

Maintenance of the Cover Pool

Pursuant to the Greek Covered Bond Legislation, the Cover Pool is subject to the Statutory Tests set out in the Secondary Covered Bond Legislation. Failure of the Issuer to take immediate remedial action to cure any one of these tests will result in the Issuer not being able to issue further Covered Bonds and any failure to satisfy the Statutory Tests may have an adverse affect on the ability of the Issuer to meet its payment obligations in respect of the Covered Bonds.

Pursuant to the Servicing and Cash Management Deed, after the occurrence of an Issuer Event the Cover Pool is also subject to the Amortisation Test. The Amortisation Test is intended to ensure that the Cover Pool Assets are sufficient to meet the obligations under all Covered Bonds outstanding together with senior expenses that rank in priority to or *pari passu* with amounts due on the Covered Bonds. Failure to satisfy the Amortisation Test on any Monthly Calculation Date following an Issuer Event will constitute an Event of Default, thereby entitling the Trustee to accelerate the Covered Bonds subject to and in accordance with the Conditions and the Trust Deed.

Factors that may affect the realisable value of the Cover Pool or any part thereof

The realisable value of Loans and their Related Security comprised in the Cover Pool may be reduced by:

- (a) default by borrowers (each borrower being, in respect of a Loan Asset, the individual specified as such in the relevant mortgage terms together with each individual (if any) who assumes from time to time an obligation to repay such Loan Asset (the **Borrower**)) in payment of amounts due on their Loans;
- (b) changes to the lending criteria of the Issuer; and
- (c) possible regulatory changes by the regulatory authorities.

Each of these factors is considered in more detail below.

Inability of Borrowers to pay, or default by Borrowers in paying, amounts due on their Loans

Borrowers may default on their obligations under the Loans in the Cover Pool. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, it should be noted that some of the Loans in the Cover Pool may have been delinquent (by virtue of a breach by the Borrower of payment or non-payment obligations) in the past and are either re-performing by virtue of the Borrower becoming current on its payments or curing the non-payment breach or by virtue of a restructuring of a Loan. Such Borrowers may be more likely to enter delinquency again as compared to other Borrowers. Finally, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

Changes to the lending criteria of the Issuer

Each of the Loans originated by the Issuer will have been originated in accordance with its lending criteria at the time of origination. It is expected that the Issuer's lending criteria will generally consider, *inter alia*, the type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant and credit history. The Issuer retains the right to revise its lending criteria from time to time but would do so only to the extent that such a change would be acceptable to a reasonable, prudent mortgage lender. If the lending criteria change in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Cover Pool, or part thereof, and the ability of the Issuer to make payments under the Covered Bonds.

Certain Loans not originated by Issuer

It should be noted that a significant proportion of the Loans included by the Issuer into the Cover Pool at any time may not have been originated by the Issuer in the case of Loans that have been, or will in the future be, acquired by the Issuer pursuant to, or in consequence of, the Acquisitions (as defined and described in more detail under "*Piraeus Bank S.A. - Overview of Piraeus Bank and the Piraeus Bank Group*"), or otherwise acquired by the Issuer. In respect of such acquired Loans, there can be no assurance that the lending criteria of the relevant originating entity were comparable with (and not materially inferior to) those of the Issuer, or were not effectively applied by the originating entity, and so the asset quality of Loans not originated by the

Issuer may be materially worse than that of Loans that were originated by the Issuer. This may result in the deterioration in the performance and value of the Cover Pool Assets. It may also make it harder for the Statutory Tests to be met.

In addition, under the Servicing and Cash Management Deed, the Issuer has made and will make certain representations and warranties regarding itself and the Loan Assets. The representations and warranties that the Issuer is required to make about Loans not originated by it are materially less extensive than the representations and warranties it is required to make about Loans that it has originated. Accordingly, there is potentially less assurance as to the quality, performance, enforceability and value of Loans not originated by the Issuer that are included in the Cover Pool, and this may result in the deterioration in the performance and value of the Cover Pool Assets.

Risks relating to Loans denominated in Swiss francs

Loans denominated in Swiss francs may be included in the Cover Pool, subject to notification to the Rating Agencies. Following such inclusion, the Issuer would be exposed to certain currency and other risks and the Issuer is required to enter into appropriate Hedging Agreements in connection with these Swiss francs Loans. Pursuant to these Hedging Agreements, amounts received by the Issuer in respect of Loans denominated in Swiss francs will be paid to the relevant Hedging Counterparty. Amounts received by the Issuer from the relevant Hedging Counterparty will form Covered Bonds Available Funds and will be applied by the Issuer in accordance with the applicable Priorities of Payments.

Borrower inability to repay due to CHF/EUR exchange rate fluctuations

Borrowers of CHF Loans choosing to pay their Loans in EUR without CHF Collar Protection (as defined below) may become unable to repay the Loans in the event of wide fluctuations in CHF/EUR currency exchange rates and as a result may default. As a result of such defaults the Issuer may not receive payments it would otherwise be entitled to from such Borrowers.

If there are insufficient funds available as a result of such defaults, then the Issuer may not be able, after making the payments to be made in priority thereto, to pay, in full or at all, amounts of interest and principal due to holders of the Covered Bonds. In this situation, there may not be sufficient funds to redeem the Covered Bonds on or prior to the Final Maturity Date.

Currency exchange rates cannot be predicted and are influenced by a wide variety of economic, social and other factors.

In this respect it should be noted that due to wide fluctuations in CHF/EUR currency exchange rates during the last two years, borrowers of Swiss franc-denominated mortgage loans have filed lawsuits before Greek courts seeking the redenomination of their mortgage loan from CHF to EUR based on the CHF/EUR currency exchange rate applicable at the time of the loan disbursement. A Greek Court of First Instance recently held that the provision of a mortgage loan denominated in CHF (and originated by a Greek credit institution) under which payments on the loan by the borrower were to be made in EUR based on the CHF/EUR exchange rate applicable on the date of payment, is "abusive" and thus null and void, and that payments in EUR should be calculated on the basis of the CHF/EUR exchange rate applicable on the date of the loan disbursement. It should be noted that this court decision is subject to appeal before the competent Court of Appeal. There are no reported decisions of higher Greek courts on this issue. Should the decision of this case not be successfully appealed, or should other similar cases brought by borrowers succeed, payments under such loans would be calculated on the basis of the CHF/EUR currency exchange rate as applicable on the date of the loan disbursement, rather than on the date of payment of each instalment as provided in the relevant loan documentation. This may result in the Issuer receiving significantly lower payments in respect of these loans if the CHF/EUR currency exchange rate on the date of the loan disbursement was higher than on the date of repayment of any instalment. See also "*Greek Consumer Protection Law*" below.

Risks relating to Subsidised Loans

In the Hellenic Republic subsidies are available to borrowers in respect of interest payments made under residential mortgage loans. The availability and amount of subsidy is determined by reference to the financial and social circumstances of a borrower and is made available from the Greek State and/or the Greek Manpower Employment Organisation (**OAED**) as a universal successor, as of February 2012, of the Greek Workers Housing Association (the **OEK**) and/or certain other Greek State-owned entities. The Greek State, the OEK and any other applicable Greek State-owned entity's subsidy payments will form part of the Cover Pool along with the other receivables under the loan agreements.

The Issuer receives the subsidised component of interest due under the Subsidised Loans from the OEK, the Greek State or any other applicable Greek State-owned entity. The OEK will maintain a savings bank account at Piraeus Bank (the **OEK Savings Account**) and the Servicer will be authorised to deduct the amount of the subsidy related to the relevant Subsidised Loan from this account and then transfer such amounts to the EUR Collection Account or, following an Issuer Event, to the Transaction Account according to the terms of the Servicing and Cash Management Deed.

Historically, subsidised loans perform better than non-subsidised loans, as the Greek State or the OEK (as appropriate) is required to make payments of the Subsidised Interest Amounts. However, Borrowers also remain liable to repay the full amount of interest due under the relevant Loan. If the Greek State and/or the OEK fail/fails to pay any Subsidised Interest Amounts then the Borrower may be unable to meet payments due under the Subsidised Loan. If the Borrower fails to pay the full amount under its Subsidised Loan, the Issuer may be unable to satisfy its obligations under the Covered Bonds.

The OEK pays Subsidised Interest Amounts under the relevant Subsidised Loans on a monthly basis and up to two months in arrears and the Greek State pays Subsidised Interest Amounts under the relevant Subsidised Loans every six months in arrears. Accordingly, the Issuer will not receive the portion of the interest that is subsidised by the OEK and the Greek State in respect of such Subsidised Loan at the same time as the unsubsidised portion of interest paid by the Borrower. In addition, a Greek State-owned entity may not pay the subsidy at the same time as unsubsidised amounts are paid by the Borrower.

Under Greek law, the Greek State, the OEK or any Greek State-owned entity will not benefit from sovereign immunity in respect of their obligations. Investors should also note that enforcement of judgments against the Greek State or the OEK or any Greek State-owned entity may be subject to limitations.

Any changes in Greek law or the administrative practice of the Greek State, the OEK or any Greek State-owned entity, which affect the timing and amount of subsidised interest payable, could result in an adverse affect of the ability of the Issuer to make payments in respect of the Covered Bonds.

Sale of Loans and their Related Security following the occurrence of an Issuer Event

Following the occurrence of an Issuer Event, the Servicer, or any person appointed by the Servicer, will be obliged to sell in whole or in part the Loan Assets in accordance with the Servicing and Cash Management Deed. The proceeds from any such sale will be credited to the Transaction Account and applied in accordance with the applicable Priority of Payments. There is no guarantee that the Servicer will be able to sell in whole or in part the Loan Assets as the Servicer may not be able to find a buyer at the time it is obliged to sell.

Provided that no Issuer Insolvency Event has occurred and is continuing, the Issuer will have the right to prevent the sale of a Loan Asset to third parties by removing the Loan Asset made subject to sale from the Cover Pool and transferring to the Transaction Account an amount equal to the price set forth in such offer letter, subject to the provision of a solvency certificate.

No representations or warranties to be given by the Servicer if Loan Assets are to be sold

Following an Issuer Event, the Servicer will be obliged to sell Loan Assets to third party purchasers (subject to a right of pre-emption in favour of the Issuer) pursuant to the terms of the Servicing and Cash Management Deed. In respect of any sale of Loan Assets to third parties, however, the Servicer will not be permitted to give representations and warranties or indemnities in respect of those Loan Assets. There is no assurance that the Issuer would give any representations and warranties or indemnities in respect of the Loan Assets. Any representations and warranties previously given by the Issuer in respect of the Loan Assets in the Cover Pool may not have value for a third party purchaser if the Issuer is then insolvent. Accordingly, there is a risk that the realisable value of the Loan Assets could be adversely affected by the lack of representations and warranties or indemnities. See “*Description of the Transaction Documents – The Servicing and Cash Management Deed*”.

Exposure to interest rate, currency and other risks and reliance on Hedging Counterparties

During the life of the Programme, the Issuer may from time to time be exposed to risks (including, but not limited to, interest rate, liquidity, currency and credit risks) relating to the Loan Assets and/or the Covered Bonds. The Issuer may (but has no obligation to do so other than (i) when Swiss franc Loan Assets are included in the Cover Pool or (ii) when specified in the Final Terms of a Series) enter, from time to time, into Interest Rate Swap Agreements, FX Rate Swap Agreements, Covered Bond Swap Agreements and other hedging agreements in order to protect itself against these risks.

To provide a hedge against possible variances in the rates of interest payable on the Loans in the Cover Pool (which may, for instance, include discounted rates of interest, fixed rates of interest or rates of interest which track a base rate and other variable rates of interest, including rates of interest linked to CHF-LIBOR and EURIBOR for 1, 3 or 6 month euro deposits), the Issuer may enter into an Interest Rate Swap with an Interest Rate Swap Provider in respect of each Series of Covered Bonds under an Interest Rate Swap Agreement. Where the Cover Pool contains Loans denominated in a currency other than Euro, the Issuer may enter into one or more FX Rate Swaps or other currency swaps in respect of such loans to provide a currency hedge against the amounts received on such Loans and the Euro payments to be made by the Issuer under any Covered Bond Swaps entered into or the Covered Bonds (as applicable) under an FX Rate Swap Agreement or other Hedging Agreement.

In addition, to provide a hedge against interest rate, currency and/or other risks in respect of amounts received by the Issuer under the Loans in the Cover Pool and the Interest Rate Swaps and amounts payable by the Issuer under the Covered Bonds and, if applicable, any FX Rate Swap, the Issuer may enter into a Covered Bond Swap with a Covered Bond Swap Provider in respect of a Series of Covered Bonds under a Covered Bond Swap Agreement.

If the Issuer fails to make timely payments of amounts due under any Hedging Agreement, then it will have defaulted under that Hedging Agreement. A Hedging Counterparty is only obliged to make payments to the Issuer as long as the Issuer complies with its payment obligations under the relevant Hedging Agreement. If the Hedging Counterparty is not obliged to make payments or if it defaults on its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Issuer on the due date for payment under the relevant Hedging Agreement, the Issuer will be exposed to any changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments under the Covered Bonds.

If a Hedging Agreement terminates, or there is a partial termination following the sale of any Loans, then the Issuer (or the Servicer on its behalf) may be obliged to make a termination payment to the relevant Hedging Counterparty. There can be no assurance that the Issuer (or the Servicer on its behalf) will have sufficient funds available to make a termination payment under the relevant Hedging Agreement, nor can there be any assurance that the Issuer will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current credit ratings of the Covered Bonds.

If the Issuer is obliged to pay a termination payment under any Hedging Agreement, such termination payment will rank *pari passu* with amounts due on the Covered Bonds (in respect of the Covered Bond Swaps, Interest Rate Swaps and FX Rate Swaps), except where default by, or downgrade of, the relevant Hedging Counterparty has caused the relevant Swap Agreement to terminate.

Conflicts of Interest

Certain parties to this Transaction act in more than one capacity. The fact that these entities fulfil more than one role could lead to a conflict between the rights and obligations of these entities in one capacity and the rights and obligations of these entities in another capacity. In addition, this could also lead to a conflict between the interests of these entities and the interests of the Covered Bondholders. Any such conflict may adversely affect the ability of the Issuer to make payments of principal and/or interest in respect of the Covered Bonds.

Differences in timings of obligations of the Issuer and the Covered Bond Swap Provider under the Covered Bond Swaps

It is expected that in relation to each Covered Bond Swap entered into, the Issuer (or the Servicer on its behalf) will, periodically, pay or provide for payment of an amount to each corresponding Covered Bond Swap Provider based on EURIBOR for Euro deposits for the agreed period. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the Issuer under a Covered Bond Swap until amounts are due and payable by the Issuer under the Covered Bonds. If a Covered Bond Swap Provider does not meet its payment obligations to the Issuer under the relevant Covered Bond Swap Agreement or such Covered Bond Swap Provider does not make a termination payment that has become due from it to the Issuer under the Covered Bond Swap Agreement, the Issuer may have a larger shortfall in funds with which to make payments under the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the Issuer's payment obligations under the Covered Bond Swap. Hence, the difference in timing between the obligations of the Issuer and the obligations of the Covered Bond Swap Providers under the Covered Bond Swaps may affect the Issuer's ability to make payments with respect to the Covered Bonds. A Covered Bond Swap Provider may be required, pursuant to the terms of the relevant Covered Bond Swap Agreement, to post collateral with the Issuer if the relevant rating of the Covered Bond Swap Provider is downgraded by a Rating Agency below the rating specified in the relevant Covered Bond Swap Agreement.

Change of counterparties

The parties to the Transaction Documents who receive and hold moneys pursuant to the terms of such documents (such as the Account Banks) are required to satisfy certain criteria in order that they can continue to receive and hold moneys.

These criteria include requirements in relation to the short-term and long-term, unguaranteed and unsecured credit ratings ascribed to such party by one or more of the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive moneys on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Covered Bondholders may not be required in relation to such amendments and/or waivers.

Risks Relating to the Macroeconomic Environment and the Hellenic Republic

Adverse economic developments and uncertainty in Greece are having, and are likely to continue to have, significant adverse effects on the Issuer's business, results of operations and financial condition

For the three-month period ended 31 March 2014, 83.5 per cent. of the Issuer's total net interest income was derived from its operations in Greece. As a result, macroeconomic developments and political conditions in Greece affect the Issuer's business, results of operations, the quality of its assets and its general financial condition directly and significantly. In addition, as a financial institution operating in Greece, the Issuer holds a portfolio of Greek government debt. As at 31 December 2013, positions in debt securities issued by the Hellenic Republic amounted to €1,719 million, including Greek government bonds with a book value of €60 million, Greek treasury bills with a book value of €387 million and debt securities of the Greek government with a book value of €1,272 million, issued in accordance with Law 3723/2008. Of these securities, debt securities with a book value of €750 million were made available to the Issuer for the subscription by the Greek government of €370 million in preference shares, which were issued in 2009, and €380 million, which were issued in 2011. In total, Greek government debt represented approximately 1.6 per cent. of assets as at 31 March 2014, whereas Greek government bonds (excluding Pillar I Greek government bonds of Law 3723/2008) represented 0.2 per cent. of assets as at 31 March 2014.

As a result of the above-mentioned developments, and the preservation of Greece's Eurozone membership, on 18 December 2012, Standard & Poor's Credit Market Services Europe Limited upgraded Greece's long-term credit rating to B- with a stable outlook and its short-term credit rating to B from SD (*selective default*). Moody's Investors Service Limited, which had downgraded Greece's credit rating to Ca on 25 July 2011 and again to C on 2 March 2012, upgraded Greece's credit rating to Caa3 on 29 November 2013 and to Caa1 on 1 August 2014. Fitch Ratings Limited, which downgraded Greece to CCC from B-/Stable on 17 May 2012, upgraded Greece's long-term credit rating and short-term rating to B- and B, respectively, on 14 May 2013 and on 23 May 2014 upgraded further the long-term credit rating to B. The outlook on the long-term credit rating is stable. The Issuer's current long-term credit rating by Standard & Poor's, Moody's and Fitch is CCC+, Caa1 and B-, respectively, while its short-term credit rating is C, NP and B, respectively.

The Greek economy has encountered and continues to encounter significant and unprecedented fiscal challenges and structural weaknesses. The Greek economy is in the seventh year of financial recession and the Hellenic Republic faces unprecedented pressure on its public finances. As at 31 March 2014, Greece's central government debt was €320.4 billion compared to €321.5 billion as at 31 December 2013 and €305.5 billion as at 31 December 2012. Given the current macroeconomic environment, adverse macroeconomic developments are likely to have a material adverse effect on the Issuer's business, results of operations and financial condition.

In this context a series of potential risks exist:

- The Greek economy continues to face significant macroeconomic challenges and significant uncertainty remains given the persistent concerns about a possible exit of Greece from the Eurozone if it fails to meet targets.
- The need to implement additional austerity measures during 2014 may extend recessionary pressure and exacerbate the deterioration of the financial climate, lack of liquidity and shrinkage of private consumption. This would create a need for additional fiscal measures, as was the case during 2011, 2012 and 2013.
- Greece may fail to implement or realise the benefits of the Second Economic Adjustment Programme, leading to significant political and economic consequences.
- Given that the credit ratings of Greek banks are related to the credit rating of the Hellenic Republic, a potential downgrade of the Hellenic Republic could affect the Issuer's credit rating and, ultimately, its results of operations and financial condition.

Banking Markets

The Greek wholesale and retail banking markets are competitive. See “*Piraeus Bank S.A. – Competition in the Greek Banking Market*”. Developments in these markets and increased competition could have an adverse effect on the Issuer’s financial position.

Regulation

The Issuer is currently regulated by the Bank of Greece (**Bank of Greece** or **BoG**) and, from early November 2014, the Issuer will be directly supervised by the European Central Bank (**ECB**) within the framework of the Single Supervisory Mechanism (**SSM**). The regulatory regime requires the Issuer to comply across many aspects of activity, including the training, authorisation and supervision of personnel, systems, processes and documentation. If the Issuer fails to comply with relevant regulations, there is a risk of an adverse impact on the business due to sanctions, fines or other actions imposed by the regulatory authorities.

The Bank of Greece and other bodies could impose further regulations or obligations, laws, and administrative actions, among others, in relation to current and past dealings with customers, either in Greece or in each jurisdiction where the Issuer operates. Furthermore, and given the current market environment, there have been changes to the regulations governing financial and credit institutions and governmental rules imposed on them. In response to the global and local financial crisis, national governments as well as supranational organisations, such as the European Union (**EU**), have been considering significant changes to current regulatory frameworks, including those pertaining to capital adequacy and the scope of banks’ operations. As a result of these and other on-going and possible future changes in the financial services regulatory landscape (including requirements imposed by virtue of the Issuer’s participation in any government or regulator-led initiatives, such as the Support Scheme and the HFSF (as defined below)), the Issuer expects to face greater regulation in Greece or in the countries where it operates. Consequently, the Issuer may face increased capital requirements, stricter disclosure requirements and restricted types of permitted transactions, thus affecting its strategy and limiting or requiring the modification of rates or fees that the Issuer charges on certain loan and other products, any of which could lower the return on its investments, assets and equity. The Issuer may also incur costs in complying with these regulations or obligations relating to its business, including potential compensation and costs relating to advice given to customers. The new regulatory framework may have significant scope and may have unintended consequences for the Greek financial system or the Issuer’s business, including increasing competition, increasing general uncertainty in the markets, or favouring or disfavouring certain lines of business.

Financial Risks

Control of financial risk is one of the most important risk factors for financial institutions. Financial risk includes credit, market, operational and liquidity risk (each as described further below). Failure to control these risks can result in material adverse effects on the Issuer’s financial performance and reputation.

Credit Risk

Credit risk is the risk of economic loss to the Issuer resulting from the inability and/or unwillingness of obligors to fulfil their contractual obligations. Exposure to credit risk arises primarily from the Issuer’s lending activities, but also from the Issuer’s trading activities, derivatives activities and securities settlements. Credit risk includes current as well as potential credit risk exposure. Counterparty default can be caused by a number of reasons, which the Issuer may not be able to assess with accuracy at the time it undertakes the relevant activity. Further deterioration in the credit quality of the Issuer’s borrowers and counterparties, or an even steeper recession of the Greek, European or global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of the Issuer’s assets and require an additional increase in the Issuer’s provisions.

Market Risk

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

Operational Risk

Operational risk is defined as the risk of loss to Piraeus Bank due to inadequate or failed internal processes, people and systems or from external events. Losses resulting from internal processes refer to deficiencies in existing procedures, or the absence of documentation about clear and approved procedures related to Piraeus Bank operations, while losses resulting from people are associated with the violation of internal policies arising from human resources of Piraeus Bank. Moreover, unavailability and/or malfunction of systems and technological infrastructure in general may also result in operational risk losses. Finally, losses from external events occur due to natural forces, or directly due to a third party's action. In addition, legal, compliance and suitability risks are considered as operational risk subcategories and are included in the operational risk management. Reputational risk is not a part of the operational risk definition; however, it is assessed as a qualitative impact and thus actively managed. Piraeus Bank, seeking the optimum operational risk management, adopts suitable control and mitigation methods, which include the continuous development and upgrade of the Internal Control System, the use of insurance coverage as a critical operational risk mitigation technique, human resources training and the implementation of the business continuity plan.

Liquidity Risk

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

Dependence on Eurosystem funding due to the severe deterioration of the fiscal position of the Hellenic Republic

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

The on-going financial crisis has adversely affected the Piraeus Bank Group's credit rating, restricted its access to international markets for funding and increased its funding costs and the need to provide additional collateral in repurchase (repo) agreements and other collateralised funding agreements, including the Piraeus Bank Group's agreements with the ECB and the Bank of Greece. Concerns relating to the on-going influence of these adverse conditions may in the medium-term cause further delays in the Piraeus Bank Group's ability to receive market funding from the debt capital markets. On 27 March 2014, the Issuer issued through its subsidiary, Piraeus PLC, a €500 million 5.0 per cent. senior unsecured bond due 2017. Nevertheless, the Piraeus Bank Group cannot be certain that access to the capital markets in future periods will be maintained on economically beneficial terms.

The uncertainty relating to the implementation of the Second Economic Adjustment Programme and the sovereign debt reduction through the PSI has directly affected the capital levels, liquidity and profitability of the financial system of the Hellenic Republic and, consequently, of the Issuer. Irrespective of the improvement of the liquidity conditions since 2013, the limited liquidity in the Greek banking system reflects an effective closing of the market for financing since the end of 2009 and a sizeable contraction of the domestic deposit base since the end of 2010 (private sector deposits have contracted 23 per cent. cumulatively since the end of 2010, according to Bank of Greece data as of 31 March 2014) and a heavy reliance on Eurosystem funding. Political initiatives at an EU level for amendments to the framework for supporting credit institutions could result in the shareholders, creditors and unsecured depositors sharing the burden of the recapitalisation and/or liquidation of troubled banks, and/or the taxation of deposits, which may result in a loss of customer confidence in the countries in which the Issuer operates and in further outflows of deposits from the banking system. Consequently, the Piraeus Bank Group's ECB funding and funding from the Bank of Greece, through the Emergency Liquidity Assistance (**ELA**) mechanism (which has less strict collateral rules, but carries a higher rate of interest, currently 1.25 per cent. in addition to the interest rate charged on ECB funding), has increased considerably since the start of the crisis. As at 31 March 2014, the Issuer's Eurosystem funding amounted to €10.4 billion, whereas, in particular, funding through the ELA was zero.

The severity of pressure experienced by Greece on its public finances has restricted the Piraeus Bank Group's access to the capital markets for funding, particularly unsecured funding and funding from the short-term interbank market, because of concerns by counterparty banks and other creditors. Since the end of 2009, Greek banks have had very limited access to the capital markets. Furthermore, deposit outflows which began at the end of 2009 and continued until 2012 still exert pressure on the liquidity of Greek banks, despite recent inflows and stabilisation.

The liquidity which the Issuer receives from the ECB or the Bank of Greece may be adversely affected by changes in ECB or Bank of Greece regulations. According to ECB decision 2013/6 as at 1 March 2015, bonds issued by the counterparty of the ECB and guaranteed by EEA government entities may no longer be used as collateral, subject to the possibility of temporary derogations. The amount of funding available from the ECB or the Bank of Greece is tied to the value of the collateral the Issuer provides, including the market value of holdings of Greek government bonds, which may decline. If the value of the Piraeus Bank Group's assets declines, then the amount of funding the Issuer can obtain from the ECB or the Bank of Greece will be correspondingly limited.

In addition, if the ECB or the Bank of Greece revise their collateral standards or increase the rating requirements for collateral securities such that these instruments are not eligible to serve as collateral, the Piraeus Bank Group's funding costs would be materially increased and its access to liquidity will be limited.

Further, the Issuer is currently able to use covered bonds issued by it as collateral for funding from the Bank of Greece. These covered bonds may no longer be accepted as collateral in the future, if, for example, further credit downgrades take place or the relevant rules of the Bank of Greece allowing their use as collateral are amended. New downgrades of Greece's credit rating may materially affect the Issuer's ability to raise additional funds from the Bank of Greece or other sources. In addition, further loss of deposits and prolonged need for additional Eurosystem funding may lead to the exhaustion of available collateral required to raise funds from the Eurosystem and may lead to funding risks for the Piraeus Bank Group.

A material decrease in funds available to the Issuer from customer deposits, particularly retail deposits, could impact its funding

Historically, one of the Issuer's principal sources of funds has been customer deposits. Since the Issuer relies on customer deposits for a majority of its funding, if its depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, or if the Issuer is unable to obtain the necessary liquidity by other means, the Issuer may be unable to maintain its current levels of funding without incurring higher funding costs, having to liquidate some of its assets, or having to increase the Issuer's funding from the ECB or the Bank of Greece under their respective terms.

An outflow of domestic customer deposits in Greek banks, owing to concerns regarding the Hellenic Republic's fiscal status and the results of economic contraction that occurred in previous years, led to a decrease of 5 per cent. in Greek banks' domestic deposits as at 31 December 2012, compared to 31 December 2011. Although domestic customer deposits increased by 2.1 per cent. as at 31 December 2013 compared to 31 December 2012, there can be no assurance that such increases will continue or that the Piraeus Bank Group's customer deposits will not suffer further decreases in the future. According to available data for May 2014, there was a decrease of 1.3 per cent. of total deposits in the Greek market compared to December 2013. As at 31 December 2013, customer deposits represented 65 per cent. of the Issuer's aggregate obligations.

A potential continuation or deterioration of the economic climate could create the risk of not being able to restore part of the deposit base and, consequently, the inability to further reduce Eurosystem funding reliance. See further "*Dependence on Eurosystem funding due to the severe deterioration of the fiscal position of the Hellenic Republic*" above.

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

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

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

As a result of the participation of Piraeus Bank in the Support Scheme, the Hellenic Republic is in a position to exert influence over certain management and business decisions through its appointed representative

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

Piraeus Bank has voluntarily accepted the Support Scheme. For so long as a credit institution makes use of the measures contemplated in the second pillar (article 2 of Law 3723/2008), the Hellenic Republic is entitled to participate through an appointed representative (the **Representative**) in the board of directors of the credit institution, who may also be appointed as an additional board member. The Representative has veto power on decisions of a strategic nature or decisions which may alter significantly the legal or financial standing of the credit institution and for the approval of which a shareholders' resolution is required, or decisions related to the distribution of dividends and the remuneration policy of the Chairman, the Managing Director, the rest of the board members, as well as of the general managers and their deputies, pursuant to a specific decision of the Minister of Finance, or if, according to his own judgment, such decisions may prejudice the interests of the depositors or materially affect the solvency and the proper operations of the credit institution. The Representative may also be present at the general meeting of the shareholders, with the

right to exercise the same veto powers upon discussion and resolution of the aforementioned specific matters.

Furthermore, the Representative has free access to the books and records, as well as to reports related to the restructuring and viability of the credit institution, to the medium-term funding plans, as well as to the records related to the provision of credit to the real economy.

Following the participation of the HFSF in the capital structure of Piraeus Bank, the management and business decisions of Piraeus Bank may be materially affected by the veto powers of the representatives of the HFSF within the framework of Piraeus Bank's recapitalisation under the second support package to Greece

Given the severity of the impact of the voluntary Greek debt exchange programme (**PSI**), on 21 February 2012, the Eurozone finance ministers allocated a total of €50 billion of the second support programme for Greece and, specifically, for the recapitalisation of the Greek banking system. These funds have been directed to the Hellenic Financial Stability Fund (the **Hellenic Financial Stability Fund** or the **HFSF**), whose mandate has been extended and enhanced accordingly.

BoG's and the ECB's initial assessment is that €50 billion is adequate to cover the capital needs, as above, of the viable Greek banks and the resolution of the non-viable ones.

Following Piraeus Bank's participation in the PSI, which was booked retroactively in Piraeus Bank's accounts for the fourth quarter of 2011, its capital position was significantly diminished: Piraeus Bank's Core Tier I ratio was negative 6.4 per cent. on 31 December 2011, the capital adequacy ratio fell below the minimum 8 per cent. (negative 5.0 per cent.) on 31 December 2011 and Piraeus Bank had to seek support from the HFSF. On 20 April 2012, the HFSF provided Piraeus Bank with a commitment letter to participate in the 2013 share capital increase. On 28 May 2012, the commitment letter was replaced by the Pre-Subscription Agreement through which the HFSF advanced to Piraeus Bank €4.7 billion against the total amount of recapitalisation required by Piraeus Bank (bridge recapitalisation). As at 31 December 2012, Piraeus Bank had received from the HFSF total funds of €6.8 billion.

In December 2012 and in April 2013, Piraeus Bank received as a capital contribution an additional €1.55 billion and €570 million, respectively, of EFSF notes from the HFSF as an additional advance for participation in Piraeus Bank's recapitalisation pursuant to the Pre-Subscription Agreement, dated 28 May 2012, among Piraeus Bank, the HFSF and the EFSF, as amended on 21 December 2012 and 30 April 2013 (the **Pre-Subscription Agreement**), and as capital advance for the ATE Bank Acquisition.

Following the initial contribution in May 2012 to Piraeus Bank by the HFSF of €4.7 billion in EFSF notes as an advance for participation in the Group's recapitalisation pursuant to Greek Law 3864/2010, the HFSF initially appointed two representatives and currently has one representative appointed to the Board of Directors. Pursuant to the terms of the Pre-Subscription Agreement, the HFSF's appointed representative has the power, among other things: (i) to request the convocation of the General Meeting; (ii) to veto any decision of the board of directors of Piraeus Bank (the **Board of Directors** or **BOD**) (A) regarding the distribution of dividends and the remuneration policy concerning the Chairman, the Managing Director and the other members of the Board of Directors, as well as the general managers and their deputies, following the relevant approval of the Minister of Finance; or (B) where the decision in question could seriously compromise the interests of depositors, or impair Piraeus Bank's liquidity or solvency or the overall sound and smooth operation of Piraeus Bank; (iii) to request an adjournment of any meeting of the Board of Directors for three business days in order to get instructions from the Executive Committee, following consultation with the Bank of Greece; (iv) to request the convocation of the Board of Directors; and (v) to approve the appointment of the Chief Financial Officer of Piraeus Bank. Pursuant to the Pre-Subscription Agreement, the appointed representative of the HFSF also has the following rights: (i) to participate in the meetings of the Audit Committee, the Risk Management Committee, the Human Resources and Remuneration Committee, and the Corporate Governance and Nomination Committee, as well as a committee established for supervising the implementation of the restructuring plan; (ii) to include items on

the agenda of the meetings of the Board of Directors and of the committees in which the HFSF's representatives participate; and (iii) to be informed monthly by the Executive Committee about all transactions that have a material impact and have not been discussed by the Board of Directors and the committees in which the HFSF's representatives participate and to receive the agenda and the minutes of the Executive Committee and the Strategy Committee regarding decisions on transactions having a material impact. Accordingly, as a result of Piraeus Bank's participation in the recapitalisation plan, the HFSF will be able to exercise significant influence over Piraeus Bank.

Consequently, there is a risk that the HFSF may exercise their rights to exert influence over Piraeus Bank and may disagree with certain decisions of Piraeus Bank relating to dividend distributions, benefits policies and other commercial and management decisions which will ultimately limit Piraeus Bank's operational flexibility.

Following Piraeus Bank's recapitalisation, the HFSF has become the largest ordinary shareholder of Piraeus Bank with a 81 per cent. shareholding, initially, after the share capital increase realised by the Bank in June 2013, and currently holding 67 per cent., following the second share capital increase of April 2014. HFSF's exercise of voting rights may be limited in cases of amendments to the articles of association of Piraeus Bank, merger, divestiture, spin-off, corporate transformation, revival, extension of the term, dissolution, transfer of assets, and any other matter for which increased majority requirements are set by Greek company law.

Even though the private sector participation has been attained, the HFSF could obtain full voting rights in the future and as a consequence Piraeus Bank may be controlled by the HFSF. Article 7a of Greek Law 3864/2010, sets out conditions under which the HFSF may regain its voting rights if it is ascertained, by a decision of the General Council of the HFSF, that Piraeus Bank's obligations provided in the restructuring plan or promoting its implementation, are not met.

On 10 July 2013, Piraeus Bank and the HFSF signed the Relationship Framework Agreement that applies to the banks having covered private sector participation equal to or more than 10 per cent., as per Law 3864/2010. This agreement determines the relationship between Piraeus Bank and the HFSF and the matters relating to, amongst others, (a) the corporate governance of Piraeus Bank, (b) the development and approval of the Restructuring Plan, (c) the material obligations of the Restructuring Plan and the switch of voting rights, (d) the monitoring of the implementation of the Restructuring Plan and Piraeus Bank's ensuing risk profile and (e) the HFSF's consent for material matters.

As at 31 December 2013 and after the share capital increase concluded in June 2013, Piraeus Bank received from the HFSF a total of €6,985 million of capital, representing 81 per cent. of Piraeus Bank's share capital.

In April 2014, Piraeus Bank proceeded to a second equity offering for €1.75 billion, an amount which was fully contributed by private investors, both from Greek and international markets. This resulted in the HFSF's stake reducing to 67 per cent., while the private sector now holds 33 per cent. of Piraeus Bank's share capital, the majority of which is in the hands of prominent international institutional investors (approximately 86 per cent. out of the 33 per cent. free float).

Any inability of Piraeus Bank in the future to meet the terms specified in its approved restructuring plan may result in the European Commission initiating a procedure for misusing the aid

On 23 July 2014, the European Commission found the restructuring plan of Piraeus Bank, including the integration of several Greek banks, to be in line with EU state aid rules.

The restructuring plan of Piraeus Bank includes certain commitments, the implementation of which may impact on its business activity, operating results and financial position in certain fields such as the requirement to sell assets or subsidiaries, limit its ability to support its foreign subsidiaries (unless it is required by the local regulatory authority), introduce additional limitations on Piraeus Bank's ability to hold

and manage its securities portfolio, introduce additional limitations on its investment policy, and other conditions.

Any inability of Piraeus Bank in the future to meet the terms specified in the restructuring plan may result in the European Commission initiating a procedure for misuse of the aid, which may result in the partial or entire recovery of state aid and/or the imposition of additional conditions, such as the requirement to sell assets or subsidiaries, reduce Piraeus Bank's branch network, limit Piraeus Bank's ability to support its foreign subsidiaries, introduce additional limitations on Piraeus Bank's ability to hold and manage its securities portfolio, introduce additional limitations on Piraeus Bank's investment policy, and other conditions, in line with previous requests to banks in the European Union that have received state aid. In addition, it may lead the HFSF to recover full voting rights on the ordinary shares it holds.

The Piraeus Bank Group's capital adequacy requirements may increase as a result of changes in legislation and regulation

In the context of the global financial crisis, governments and inter-governmental organisations such as the EU and the Basel Committee on Banking Supervision have introduced a number of legislative and regulatory initiatives, which are expected to materially change the current regulatory framework for credit institutions on capital adequacy, liquidity and the range of activities of banks, in general. Greek banks may be required in the future to meet more stringent capital requirements regarding their Core Tier I capital ratios. As a result of recent, upcoming and other subsequent changes in the regulatory environment, the Group may be required to comply with stricter regulations on capital adequacy in Greece and abroad.

In December 2010, the Basel Committee on Banking Supervision issued its final proposals on the reform of capital and liquidity requirements (**Basel III**). Certain of the Basel III proposals are expected to be phased in until 2019 and may also lead to higher capital requirements for the Group. Among other changes, Basel III proposes to:

- upgrade the quality, consistency and transparency of the capital base;
- introduce a leverage ratio;
- enhance the coverage of counterparty credit risk in the capital adequacy framework;
- implement a capital conservation buffer; and
- implement an international standard with regard to minimum short- and longer-term liquidity in the banking sector.

On 17 July 2013, the European Parliament and the Council adopted Directive 2013/36/EU on access to the activity of credit institutions and investment firms and Regulation 575/2013 on prudential requirements for credit institutions and investment firms (**CRD IV**) with the goal of implementing Basel III. The Regulation has been directly applicable to all EU Member States from 1 January 2014, while the Directive 2013/36/EU has been transposed into Greek law in May 2014 pursuant to Greek Law 4261/2014.

Under the CRD IV and according to the relevant guidelines concerning transitional discretions issued by the Bank of Greece, being the National Competent Authority:

- the minimum Common Equity Tier I (**CET1**) capital ratio will be 4.5 per cent. as from 1 January 2015;
- the minimum Tier I capital ratio will be 6 per cent. as from 1 January 2015;
- the Total Capital Ratio will be 8 per cent. as from 1 January 2015; and

the banks will be required to gradually increase their capital conservation buffer to 2.5 per cent. by 2019 beyond the existing minimum CET1 ratios (i.e. 0.625 per cent. as at 1 January 2016, 1.25 per cent. as at 1 January 2017 and 1.875 per cent. as at 1 January 2018), raising the minimum Common Equity Tier 1 capital ratio to 7 per cent. and the Total Capital Ratio to 10.5 per cent. in 2019.

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

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

If the Issuer were to fail to meet any such new requirements by accessing the capital markets or the internal creation of capital, it would be required to receive additional capital from the HFSF or, potentially, other investors. Any such additional capital invested by the HFSF or other investors in the Issuer may result in a significant dilution of existing shareholders' interests.

It is noted that as at the end of March 2014 the Group's Total Capital Adequacy Ratio under the newly introduced CRD IV regulatory framework stood at 13.1 per cent. and the CET1 ratio at 12.9 per cent.

Risks of Implementing the Second Economic Adjustment Programme

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

- Recessionary pressures are far more intense and prolonged than initially projected, taking a heavy toll on the fiscal adjustment effort, on both the revenue and expenditure sides, whilst the deterioration in labour market conditions is unprecedented (with an unemployment rate of 27.8 per cent. in the first quarter of 2014, compared to 27.4 per cent. in the first quarter of 2013).
- In the event of policy implementation deficiencies or shortfalls, or in the event that the economy takes longer to respond to labour market and supply side reforms, the recession is likely to be deeper than expected, leading to a higher debt trajectory and additional debt relief by the public sector, and/or a default on bonded debt.
- Market concerns regarding public debt sustainability may not dissipate despite substantial debt relief and debt re-profiling.
- The process of internal devaluation and the restoration of competitiveness—despite the rapid progress in wage cost containment—could be more prolonged than currently projected by the Second Economic Adjustment Programme, investor sentiment could remain poor despite the reform efforts, or bank deleveraging could proceed more rapidly than envisioned, undermining corporate investment and private sector sentiment.

- Implementation of the Second Economic Adjustment Programme will require strong political will and public support in the upcoming years, which will be greatly challenged by already substantial social costs, due to austerity measures and the prolonged recession. Against this backdrop, a potential demand from EU partners or the International Monetary Fund (IMF) for additional corrective measures or amendments to the agreement underlying the Second Economic Adjustment Programme could destabilise the coalition government, possibly derailing the Second Economic Adjustment Programme.
- The Hellenic Republic may continue to experience difficulty accessing the private capital markets even though, for example, the time period for which the Second Economic Adjustment Programme provides full funding has been extended further by about two years, to 2016, in the context of a new agreement being reached with the ECB, the EU and the IMF (the **Troika**) in the fourth quarter of 2012. On a positive note, as was stated by the Eurogroup on 26/27 November 2012, Eurozone Member States are committed to providing “adequate support to Greece during the life of the Second Economic Adjustment Programme and beyond until the country has regained market access, provided that Greece fully complies with the requirements and objectives of the adjustment”.
- Economy-wide liquidity conditions are likely to remain tight, against a background of closed interbank and wholesale markets and a decline in domestic bank deposits caused by uncertainty and the recession. To date, ECB liquidity has been sufficient to counterbalance the contraction of alternative liquidity sources through sufficient Eurosystem funding, whilst an ELA facility has been activated by the Bank of Greece since the third quarter of 2011. The loss of deposits may be much larger than envisaged and terms under which liquidity support is provided from the Eurosystem may be tightened or terminated.
- Uncertainty surrounds short-term economic prospects in the Eurozone and the medium-term unconditional political commitment of Eurozone member partners, including concerns about Eurozone member partners’ ability and determination to support the Greek effort in the upcoming years and to ensure Greece’s programme financing and debt sustainability in the medium- to long-term. In this context, the commitment of the IMF to participate in Second Economic Adjustment Programme financing may also be questioned in the future.

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

Greek Property Market

One of the Issuer’s activities is mortgage lending. A further downturn in the Greek economy could have a negative effect on the property market in terms of reducing the ability of homeowners to service their debt as well as in terms of falling property prices and any knock-on adverse effects this may have on lender recoveries. A further reduction in the ability of homeowners to service their debt (including mortgage debt) is likely to negatively affect the performance of the Loans, and increase the rate of delinquency, in the Cover Pool. These consequences would be likely to have a negative impact on the Cover Pool and could have an adverse effect on the Issuer’s financial position generally.

The Issuer may not realise expected cost and revenue synergies from the Acquisitions

The Issuer expects to realise significant synergies in connection with the Acquisitions, which the Issuer estimates, on a fully-phased, pre-tax basis to be approximately €550 million per annum from 2016. The synergies are expected to be driven mainly by cost savings, both operational (branch and personnel optimisation and elimination of overlapping infrastructure) and funding (through reduced time deposit

spreads as deposit gathering activity is fully integrated, particularly with respect to the Cypriot Acquisitions and MBG Acquisition (as defined under “*Piraeus Bank S.A. - Overview of Piraeus Bank and the Piraeus Bank Group*”), as well as moderate revenue synergies.

By the end of May 2014, the Issuer had already taken actions to achieve synergies of approximately €390 million, which represented 71 per cent. of the total expected and targeted synergies.

In particular, funding synergies of €158 million have already been implemented, i.e. 98 per cent. of the anticipated synergies related to lower financing cost and cost synergies of €219 million, i.e. 64 per cent. of the anticipated cost reduction synergies.

Nevertheless, the realisation of any benefits and cost synergies, over and beyond the synergies the Issuer has already achieved, are likely to be affected by the factors described in other risk factors in this “*Risk Factors*” section and a number of factors beyond the Issuer’s control, including, without limitation, general economic conditions, increased operating costs, the response of competitors and regulatory developments. Moreover, the Issuer’s combined loan portfolio after the completion of all the Acquisitions may not be as strong as expected, and therefore the cost savings could be reduced. These cost and revenue synergy estimates also depend on the Issuer’s ability to combine its businesses with the Acquired Businesses in a manner that permits those synergies to be realised. If the estimates turn out to be incorrect or the successful integration of the Acquired Businesses with the Issuer’s business does not take place, the expected cost and revenue synergies may not be fully realised or realised at all, or may take longer to realise than expected.

The historical financial information of the Issuer included in this Base Prospectus is not necessarily representative of the results of operations that would have been achieved on a stand-alone basis had the Acquisitions not occurred and may not be reliable indicators of Piraeus Bank Group’s future results.

As a result of the integration of the Acquired Businesses, Piraeus Bank Group’s historical financial and other statistical data included in this Base Prospectus do not reflect the financial condition, results of operations or cash flows that would have been achieved on a stand-alone basis by Piraeus Bank Group had the Acquisitions not occurred, during the periods presented or those that will be achieved in the future. This is primarily the result of the following factors:

- the Issuer’s historical financial and other data for the year ended 31 December 2012 reflects the ATEbank Acquisition and the Geniki Acquisition (as defined under “*Piraeus Bank S.A. - Overview of Piraeus Bank and the Piraeus Bank Group*”) from the time of their acquisition by the Issuer and does not reflect the Cypriot Acquisitions and the MBG Acquisition;
- the Issuer’s historical financial information for the year ended 31 December 2013 reflects the Cypriot Acquisitions and the MBG Acquisition only from the time of its acquisition by the Issuer; and
- the financial and statistical information presented in this Base Prospectus does not include certain important historical financial information relating to the Acquisitions.

Accordingly, the historical financial information included in this Base Prospectus may not reflect what the Piraeus Bank Group’s results of operations and financial condition would have been had the Piraeus Bank Group not been combined with the relevant Acquired Businesses during the periods presented, or what Piraeus Bank Group’s results of operations and financial condition will be in the future. As a result of the Acquisitions, the Piraeus Bank Group’s historical financial statements presented in this Base Prospectus are not indicative of Piraeus Bank Group’s future results of operations and financial condition and it will be difficult for investors to compare future results to historical results or to evaluate the Piraeus Bank Group’s relative performance or trends in the Piraeus Bank Group’s business.

The Issuer is subject to stress testing

Stress tests analysing the banking sector recently have been, and will continue to be, published by national and supranational regulators including the Bank of Greece, the European Banking Authority (EBA), the IMF, the ECB and others. The ECB is currently conducting an on-going comprehensive assessment of the capital requirements of major European banks. This assessment aims to enhance the transparency of the balance sheets of major European banks prior to the ECB taking over its supervisory tasks in November 2014. Loss of confidence in the banking sector in Greece following the announcement of stress tests regarding a particular bank or the Greek banking system as a whole, or market perception that any such tests are not rigorous enough, could have a negative effect on the cost of funding and may thus have a material adverse effect on the Issuer's operations and financial condition. Furthermore, any future stress tests may result in a requirement for the Issuer to raise additional capital.

The operational autonomy of the Issuer is constrained since it is a recipient of state aid

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

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

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

Political and economic developments could adversely affect the Piraeus Bank Group's operations

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

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

Emerging Markets

Apart from its operations in Greece, the UK and Germany, the Issuer has operations in Bulgaria, Romania, Albania, Serbia, Ukraine, Egypt and Cyprus. Its international operations outside the European Union are exposed to the risk of adverse political, governmental and/or economic developments, as well as to particular operating risks associated with emerging markets. These factors could have a material adverse effect on its financial condition and results of operations.

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

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

Non-performing loans have had a negative impact on the Issuer's operations and may continue to do so

Non-performing loans (NPLs) increased significantly in 2013 (including the NPLs of all Acquisitions in the period 2012-2013) and represented approximately 37 per cent. of the Issuer's total customer loan portfolio as at 31 December 2013 (37 per cent. relating to Greek operations). NPLs represented 38 per cent. of the Issuer's loans as at 31 March 2014. The effect of the economic crisis in Greece, the implementation of the Second Economic Adjustment Programme and the negative macroeconomic conditions in the countries in which the Issuer operates may result in adverse changes in the credit quality of the Issuer's borrowers, with increasing delinquencies and defaults. Moreover, pursuant to Law 4224/2013 (published in the Government Gazette No 288/A/31-12-2013), as a result of the financial crisis, and for the protection of the weaker debtors, from 1 January 2014 until 31 December 2014, the auction of a debtor's main residence is suspended, provided that the following requirements are all met: a) the relevant property is stated as the debtor's main residence in his/her last annual tax statement; b) the value of the residence does not exceed €200,000; c) the annual family income of the debtor does not exceed €35,000 (or €38,500 for families with three children or more or for those with disabilities of more than 67 per cent.); d) the total value of the debtor's tangible and intangible assets does not exceed €270,000 (or €297,000 for families with three children or more or for those with disabilities of more than 67 per cent.); and e) the total amount of deposits and securities held by the debtor on 20 November 2013, in Greece or abroad, did not exceed €15,000 (or €16,500 for families with three children or more or for those with disabilities of more than 67 per cent.). Furthermore, during the aforementioned suspension, an auction of the respective guarantors' property is prohibited as well. However, it is also provided that during such suspension the debtors shall pay a minimum monthly instalment, calculated on the basis of a percentage on their net monthly income, at a rate of 10 per cent. for income up to

€15,000 (or €20,000 for families with three children or more or for those with disabilities of more than 67 per cent.) and at a rate of 20 per cent. for any excess amount. The events and uncertainties mentioned above and/or any regulatory change that may have a negative impact on the rights of creditors can lead to additional NPL generation, an increase in future provisions for NPLs and a significant loss of revenue which could materially and adversely affect the Issuer's financial condition and operating results.

The Issuer's financial performance has been and will be affected by borrower credit quality

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

Applicable bankruptcy laws and other laws and regulations governing creditors' rights in Greece may limit the Issuer's ability to obtain payments on defaulted credits

Certain bankruptcy laws and other laws and regulations governing creditors' rights in Greece are likely to offer less protection for creditors than other bankruptcy regimes in Western Europe and the United States. In Greece, according to Law 3869/2010, individuals who do not have the ability to be declared bankrupt and are unable to refinance their debt may request the settlement of their debt, or their discharge from part of it, by submitting a relevant application to the competent courts. In the context of the current legislation and due to the prolonged Greek economic crisis it is possible that judicial decisions will write down significant portions of the debt due to the financial inability of debtors, or will defer the payment for a period of time. In addition, because of existing legislation relating to the valuation of collateral that is liquidated through enforcement procedures, the difficulties in liquidating collateral have increased and auctions of real estate used as the main residence of debtors with an objective value of up to (€200,000, under certain other conditions) have been suspended until 31 December 2014.

It is probable that the aforementioned extension of the suspension of auctions will be renewed in the future. If the current economic downturn persists or worsens, bankruptcies could intensify, or applicable bankruptcy protection laws and regulations may change to limit the impact of the recession on corporate and retail borrowers. The potential amendments may result in new long-term arrangements and settlements under Law 3869/2010. The range of individuals benefiting from the law may widen, so as to also include individuals who conduct a personal business. Furthermore, the heavy work load that local courts face slows the pace at which cases are finalised. Such changes and/or any further regulatory measures reducing the protection of creditors may have an adverse effect on the Issuer's business, results of operations and financial condition.

Moreover, pursuant to articles 99 *et seq.* of the Greek Bankruptcy Code, a new pre-bankruptcy procedure known as "rehabilitation" was introduced for individuals or legal entities that have the ability to be declared bankrupt and are in a state of actual or threatened financial inability. Rehabilitation provides for a rescue process following judicial intervention. In particular, these articles govern the procedure for achieving restructuring agreements that are capable of ratification by court, the requirements for opening such proceeding and for ratification of an agreement, the appointment of mediators and experts as well as the appointment of a "special liquidator in certain cases". A rehabilitation agreement, in order to be filed for ratification by the court, must be signed by the debtor and by creditors representing a majority of 60 per cent. of total claims, including at least 40 per cent. of the claims secured by securities *in rem* or special liens or a pre-notice of mortgage. In order to be ratified, the rehabilitation agreement should render the debtor viable, treat all creditors of the same type equally and not result in any non-consenting creditor being placed in a worse position than that it would have been in case if a bankruptcy liquidation of the debtor's assets. Upon

its ratification, the rehabilitation agreement is binding upon all creditors, i.e. including the dissenting creditors. In other words, the ratification of this agreement allows a qualified majority (60 per cent. of all creditors including 40 per cent. of all secured creditors) to cram down on non-consenting creditors. The rehabilitation agreement may provide for any readjustment of the assets and liabilities of the debtor, including amongst others the amendment of the terms of the obligations of the debtor (e.g. interest rate, date that the debt falls due etc.), the reduction of claims against the debtor and the suspension of the creditors' individual enforcement actions for a period of time after the ratification of the agreement, such suspension not being binding on the dissenting creditors for a period of time exceeding three months as from the ratification of the agreement by the court. However, debts secured by pre-notations may not be adversely affected by the rehabilitation agreement, in the sense that such secured debts may only be reduced to the amount that would reasonably be anticipated to be recovered, were foreclosure proceedings to be initiated in relation to the mortgaged property (i.e. the rank of the pre-notation and the value of the mortgaged property should be taken into account).

In addition, the chairman of the court that receives the application to open rehabilitation proceedings may, upon request, issue an injunction order at any time after the date of the filing of the application and until the completion of the proceedings, suspending in whole or in part individual enforcement actions against the debtor's property. The injunction applies to claims created until the date of the application, but in special cases could be also extended to later claims. The statute also provides that the judge can order any additional measures that may be necessary to avoid the diminution of the value of the debtor's property, to the detriment of its creditors. Upon issuance of a preliminary order suspending individual enforcement actions, the disposal of the debtor's real estate, equipment and fittings is prohibited by operation of law. The law also provides that in case of a serious business or social reason, the injunction may be extended to also cover guarantors or other co-obligors of the debtor.

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

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

Bank Recovery and Resolution Directive

The Council of the European Union has adopted a Bank Recovery and Resolution Directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the Directive or the taking of any action under it could materially affect the value of any Covered Bonds.

On 6 May 2014, the Council of the European Union adopted a Directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive

2014/59/EU) (the **Bank Recovery and Resolution Directive** or **BRRD**). The BRRD was published in the Official Journal of the EU on 12 June 2014 and came into force on 2 July 2014. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest, which is determined with reference to the following factors: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity (the "general bail-in tool"), which equity could also be subject to any future application of the general bail-in tool.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity certain capital instruments at the point of non-viability and before any other resolution action is taken ("non-viability loss absorption"). Any shares issued to holders of affected instruments upon any such conversion into equity may also be subject to an application of the general bail-in tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable.

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool, which is to be applied from 1 January 2016.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, affected creditors may be subject to write-down or conversion into equity on any application of the general bail-in tool and, in the case of certain capital instruments, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the Issuer, the Cover Pool and hence the value of the Covered Bonds.

Risks related to the Covered Bonds

The Covered Bonds may not be a suitable investment for all investors

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement and/or Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Security and insolvency considerations

Security will be (a) created under and pursuant to the Greek Covered Bond Legislation over the Cover Pool Assets by virtue of any Registration Statement filed with the Athens Pledge Registry and (b) granted by the Issuer over the Transaction Documents and the Hedging Agreements pursuant to the Deed of Charge in respect of certain of its obligations, including its obligations under the Covered Bonds. In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise any such security may be delayed and/or the value of the security impaired. There can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Covered Bondholders would not be adversely affected by the application of insolvency laws (including Greek insolvency laws).

Extendable obligations under the Covered Bonds

Unless specified otherwise in the Final Terms or previously redeemed as provided in the Conditions, the Covered Bonds of each Series will be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date. If the Covered Bonds are not redeemed in full on the relevant Final Maturity Date or (as described below) where the Covered Bonds are subject to an Extended Final Maturity Date, on the relevant Extended Final Maturity Date, then the Trustee shall serve a Notice of Default on the Issuer pursuant to the Conditions. Following the service of a Notice of Default: (a) any Covered Bond which has not been redeemed on or prior to its Final Maturity Date or, as applicable, Extended Final Maturity Date shall remain outstanding at its Principal Amount Outstanding, until the date on which such Covered Bond is cancelled or redeemed; and (b) interest shall continue to accrue on any Covered Bond which has not been redeemed on its Final Maturity Date or, as applicable, Extended Final Maturity Date and any payments of interest or principal in respect of such Covered Bond shall be made in accordance with the relevant Priority of Payments until the date on which such Covered Bond is cancelled or redeemed.

The applicable Final Terms may provide that the Issuer's obligations under the relevant Covered Bonds to pay the Principal Amount Outstanding on the relevant Final Maturity Date may be deferred past the Final Maturity Date until the Extended Final Maturity Date (as specified in the Final Terms) (such date the **Extended Final Maturity Date**). In such case, such deferral will occur automatically if the Issuer fails to pay any amount representing the amount due on the Final Maturity Date as set out in the Final Terms (the **Final Redemption Amount**) in respect of the relevant Series of Covered Bonds on their Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. This will occur (subject to no Notice of Default having been served) if the applicable Final Terms Document for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date.

To the extent that the Issuer has sufficient monies available under the relevant Priority of Payments to pay in part the Final Redemption Amount, partial payment of the Final Redemption Amount shall be made as described in Condition 7.1 (*Redemption and Purchase - Final redemption*). Payment of the unpaid portion of the Final Redemption Amount shall be deferred automatically until the applicable Extended Final Maturity Date. The Issuer shall be entitled to make payments in respect of the Final Redemption Amount on any Interest Payment Date thereafter up until the Extended Final Maturity Date.

Interest will continue to accrue and be payable on any unpaid amounts on each Interest Payment Date up to the Extended Final Maturity Date in accordance with the Conditions and the Issuer (or the Servicer on its behalf) will make payments on each relevant Interest Payment Date and Extended Final Maturity Date.

Appointment of a replacement Servicer

In the event of insolvency of the Issuer, the Greek Covered Bond Legislation (in conjunction with certain Greek insolvency law provisions) provides that the Cover Pool will at all times remain segregated from the insolvency estate of the Issuer until payment of all amounts due to the Covered Bondholders and the other Secured Creditors has been made in full. To ensure continuation of the servicing of the Cover Pool in the event of insolvency of the Issuer (acting as the Servicer) the Greek Covered Bond Legislation provides that the Transaction Documents may provide for the substitution of the Servicer by the Trustee upon the insolvency of the Issuer.

In the event that no Replacement Servicer is appointed by the Trustee pursuant to the Transaction Documents, continuation of the servicing is ensured as follows: In the event of the Issuer's insolvency under Greek Law 4261/2014, including the appointment of an administrator (*Epitropos*) in accordance with article 137, the order by the Bank of Greece of any other resolution measure in accordance with article 139 or the placing into liquidation in accordance with article 145, the Bank of Greece may appoint a servicer to carry out the servicing of the Cover Pool, if the Trustee fails to do so. Such person may either be (a) an administrator or a liquidator (under such articles 137 or 145, respectively) (and, in such event, servicing of the Cover Pool will be included in the administrator or liquidator's general powers over the Issuer's assets);

or (b) irrespective of, or in addition to, the appointment of such persons, a person specifically carrying out the servicing of the Cover Pool. Any such person appointed as described in paragraph (a) or (b) above shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed.

There can be no assurance that replacement of the Issuer as Servicer (or any delay in making such replacement) would not cause delays in payment on the Covered Bonds and Covered Bondholders might suffer loss as a result. See also “*Insolvency of the Issuer*” below.

Limited description of the Cover Pool

Covered Bondholders will not receive detailed statistics or information in relation to the Loan Assets in the Cover Pool because it is expected that the constitution of the Cover Pool will frequently change due to, for instance:

- (i) the Issuer assigning additional Cover Pool Assets to the Cover Pool; and
- (ii) the Issuer removing Cover Pool Assets from the Cover Pool or substituting existing Cover Pool Assets in the Cover Pool with Additional Cover Pool Assets.

There is no assurance that the characteristics of the additional Cover Pool Assets assigned to the Cover Pool on any date will be the same as those Loan Assets in the Cover Pool as at the date of issue of any Covered Bonds. However, each Loan Asset will be required to meet the Eligibility Criteria and be subject to the applicable representations and warranties set out in the Servicing and Cash Management Deed, the scope and applicability of the representations and warranties depending on whether it is a Loan originated by the Issuer or not (the former having more extensive representations and warranties than the latter). In addition, the Nominal Value Test is intended to ensure that the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than 95 per cent. of the Nominal Value of the Cover Pool for so long as Covered Bonds remain outstanding (although there is no assurance that it will do so) and the Asset Monitor will provide an annual agreed upon Asset Monitor Report on the required tests by the Bank of Greece (including the Nominal Value test) where exceptions, if any, will be noted.

Ratings of the Covered Bonds

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

The credit ratings assigned to the Covered Bonds address the probability of default and loss given default. The expected credit ratings of the Covered Bonds are set out in the relevant Final Terms for each Series of Covered Bonds. A Rating Agency may lower its rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any credit rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may reduce. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or

suspended). Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Rating Agency Confirmation in respect of Covered Bonds

The terms of certain of the Transaction Documents may provide that, in certain circumstances, the Issuer must, and the Trustee may, obtain confirmation from one or more of the Rating Agencies that any particular action proposed to be taken by the Issuer, the Servicer or the Trustee will not adversely affect or cause to be withdrawn the then current ratings of the Covered Bonds (a **Rating Agency Confirmation**).

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to Covered Bondholders including, without limitation, in the case of a Rating Agency Confirmation, whether any action proposed to be taken by the Issuer, Servicer, the Trustee or any other party to a Transaction Document is either (i) permitted by the terms of the relevant Transaction Document, or (ii) in the best interests of, or not prejudicial to, some or all of the Covered Bondholders. In being entitled to have regard to the fact that the Rating Agency has confirmed that the then current ratings of the Covered Bonds would not be adversely affected or withdrawn, each of the Issuer, the Trustee and the other Secured Creditors (including the Covered Bondholders) is deemed to have acknowledged and agreed that the above does not impose or extend any actual or contingent liability on the Rating Agency to the Issuer, the Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agency and the Issuer, the Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A Rating Agency Confirmation represents only a restatement of the opinions given, and is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction.

Covered Bonds issued under the Programme

Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series). All Covered Bonds will rank *pari passu* and rateably without any preference or priority among themselves, irrespective of their Series, for all purposes, except for the timing of the repayment of principal and the timing and amount of interest payable and will share in the security granted by the Issuer under the Deed of Charge.

Following the occurrence of an Event of Default and service by the Trustee of a Notice of Default, the Covered Bonds of all outstanding Series will become immediately due and payable against the Issuer.

Further Issues

In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing Covered Bondholders:

- (i) the Statutory Tests will be required to be met both before and immediately after any further issue of Covered Bonds; and

- (ii) on or prior to the date of issue of any further Covered Bonds, the Issuer will be obliged to notify the relevant Rating Agency of the issue.

Obligations under the Covered Bonds

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arranger, the Dealers, the Trustee or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer. The Issuer will be liable solely in its corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

The Trustee may agree to modifications to the Transaction Documents without the Covered Bondholders' or Secured Creditors' prior consent

Pursuant to the terms of the Trust Deed and the Deed of Charge, the Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors (other than the Hedging Counterparties in respect of modification to the Pre-Event of Default Priority of Payments or the Post-Event of Default Priority of Payments), concur with the Issuer or any person in making or sanctioning any modification to the Transaction Documents and the Terms and Conditions of the Covered Bonds:

- (i) (other than in respect of a Series Reserved Matter) provided that the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of any of the Covered Bondholders; or
- (ii) which in the sole opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

Certain decisions of Covered Bondholders taken at Programme level

Any Extraordinary Resolution to direct the Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding.

Realisation of Charged Property following the occurrence of an Event of Default and service of a Notice of Default

If an Event of Default occurs and a Notice of Default is served on the Issuer, then the Trustee will be entitled to enforce the security created under and pursuant to the Greek Covered Bond Legislation and the Deed of Charge, after having been indemnified and/or secured to its satisfaction, and the proceeds from the realisation of the Charged Property will be applied by the Trustee towards payment of all secured obligations in accordance with the Post-Event of Default Priority of Payments.

There is no guarantee that the proceeds of realisation of the Charged Property will be in an amount sufficient to repay all amounts due to the Secured Creditors (including the Covered Bondholders) under the Covered Bonds and the Transaction Documents.

If, following the occurrence of an Event of Default, a Notice of Default is served on the Issuer then the Covered Bonds may be repaid sooner or later than expected or not at all.

Absence of secondary market

There is not, at present, an active and liquid secondary market for the Covered Bonds, and no assurance is provided that a secondary market for the Covered Bonds will emerge. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. None of the Arranger or the Dealers is obliged to, and none of them intends to, make a market for the Covered Bonds. None of the Covered Bonds has been, or will be, registered under the Securities Act or any other

applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under “*Subscription and Sale*”. If a secondary market does emerge, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment, with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily, or at prices that will enable the Covered Bondholder to realise a desired yield.

In addition, Covered Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Covered Bonds. As a result of the current liquidity crisis, there exist significant additional risks to the Issuer and the investors which may affect the returns on the Covered Bonds to investors.

In addition, the current liquidity crisis has stalled the primary market for a number of financial products including instruments similar to the Covered Bonds. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Covered Bonds will recover at the same time or to the same degree as such other recovering global credit market sectors.

General legal investment considerations

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

Risks related to the structure of a particular issue of Covered Bonds

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

Covered Bonds subject to optional redemption by the Issuer

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

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

Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same

reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

Covered Bonds issued at a substantial discount or premium

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

General risk factors

Set out below is a brief description of certain risks relating to the Covered Bonds generally:

Modification, waivers and substitution

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

The conditions of the Covered Bonds also provide that the Issuer may, without the consent of Covered Bondholders, substitute another company as principal debtor under any Covered Bonds in place of the Issuer, in the circumstances described in Condition 18 (*Substitution of the Issuer*).

Insurance

Under the terms and conditions of the documentation relating to each Loan, each Borrower is required to obtain and maintain fire and earthquake insurance only, unless the property was built before 1 January 1960, in which case only fire insurance is available in the market. Accordingly, a claim under such policy for damage to the relevant property can be made only if the damage results from the occurrence of a fire or, in the case of properties built on or after 1 January 1960 only, earthquake (if applicable). However, this is not inconsistent with the terms and conditions of loans similar to the Loans made by other mortgage lenders in Greece who also only require borrowers to obtain and maintain fire and earthquake (if applicable) insurance. In addition, certain Borrowers, at their option, take out life and permanent disability insurance policies, with the Issuer as the primary loss payee, to secure their obligations under the relevant Loans.

Suspension of Enforcement Proceedings

There are various provisions of Greek law which could result in enforcement proceedings against a Borrower being delayed or suspended. Enforcement proceedings are usually commenced against a Borrower in respect of a Loan once it becomes 180 days in arrears, at which point the Loan is terminated. An order of payment is obtained from the judge of the competent Court of First Instance following service of the notice of termination of the Loan on the Borrower and non-payment by the Borrower. Enforcement is commenced by service of the order for payment and a demand to pay on the Borrower, with the ultimate target being the collection of the proceeds of the auction of the relevant property securing the Loan. For further details, see “*The Mortgage and Housing Market in Greece - Enforcing Security*” below.

However, a Borrower may delay enforcement against the relevant property by contesting the order for payment and/or the procedure for enforcement which in turn will delay the receipt of proceeds from an enforcement against the property by the Issuer after the relevant Loan has been terminated. A Borrower can file a petition of annulment against the order for payment pursuant to Article 632 of the Greek Civil Procedure Code (an **Article 632 Annulment Petition**) with the relevant Court of First Instance within 15 business days after service of the order for payment, contesting the substantive or procedural validity of the order of payment. If the Borrower fails to contest the order for payment, the order may be served again on

the Borrower and a further 10 business days are available to the Borrower to file a petition of annulment against the order for payment pursuant to Article 633 of the Greek Civil Procedure Code (an **Article 633 Annulment Petition**) with the relevant Court of First Instance. The order for payment will be final either if both terms of 15 and 10 business days elapse, or if the Court of Appeal rejects the Article 632 Annulment Petition or the Article 633 Annulment Petition.

The filing of an Article 632 Annulment Petition entitles the Borrower to file a petition for suspension of the enforcement against the relevant property pursuant to Article 632 of the Greek Civil Procedure Code (an **Article 632 Suspension Petition**). Upon filing an Article 632 Suspension Petition, enforcement procedures may be suspended until the hearing of the Article 632 Suspension Petition, which takes place together with the hearing of the Article 632 Annulment Petition, approximately twenty-six to thirty-two months after the Article 632 Annulment Petition has been filed. Following the issue of a decision in relation to the hearing of the Article 632 Annulment Petition (which itself can take up to approximately two to five months to be issued), enforcement may be suspended until the Court of First Instance has issued an official decision in respect of the Article 632 Annulment Petition. In some cases, suspension of enforcement may be granted until the Court of Appeal reaches a final decision, which means an additional delay in enforcement of approximately 20 months. The procedure can take up to approximately five to six years from the filing of the Article 632 Suspension Petition if the Borrower requests adjournments of the hearings for the Article 632 Annulment Petition before the Court of First Instance and Court of Appeal, up until the decision of the latter.

The Borrower may also file with the relevant Court of First Instance a petition for the annulment of certain actions of the foreclosure proceedings based on reasons pertaining to both the validity of the order of payment and to procedural irregularities pursuant to Article 933 of the Greek Civil Procedure Code (an **Article 933 Annulment Petition**). An Article 632 Annulment Petition, Article 633 Annulment Petition and Article 933 Annulment Petition may be filed either concurrently or consecutively, but it should be noted that the Article 933 Annulment Petition may not be based on reasons pertaining to the validity of the order for payment, once the order for payment has become final as mentioned above. The time for the filing of an Article 933 Annulment Petition varies, according to Article 934 of the Greek Civil Procedure Code, depending on the foreclosure action that is so contested.

The filing of an Article 933 Annulment Petition entitles the Borrower to file a petition for the suspension of the enforcement until the decision of the Court of First Instance on the annulment motion is issued pursuant to Article 938 of the Greek Civil Procedure Code (an **Article 938 Suspension Petition**). Again, foreclosure proceedings may be suspended until the hearing of the Article 938 Suspension Petition, which, in a normal case where the Borrower seeks the suspension of the auction, takes place five days prior to the auction and the relevant decision is issued two days prior to the auction. It should nevertheless be noted that such suspension is more difficult to obtain if the Court of First Instance has already rejected an Article 632 Suspension Petition based on similar reasons.

The Borrower may seek the postponement of the auction by alleging that the value of the property has been underestimated by the enforcing party or that the fixed first offer is too low. However, it is to be noted that the initial auction price cannot be less than the taxable (“objective”) value of the property (set out in accordance with articles 41 and 41a of Greek Law 1249/1982) pursuant to Greek Law 3714/2008, article 2. While in the past the “objective” values of properties were on average lower than their commercial values, currently there are many instances where this is no longer the case; there can be no assurance that in the future this will continue to be the case. Where the “objective” values are higher than the commercial values, it may become impossible for creditors to successfully enforce their claims because there may be no bidders at the amount of the “objective” value. Furthermore, suspension of the auction for up to six months may be sought by the Borrower, on the grounds that there is a good chance of the Borrower being able to satisfy the enforcing party or that, following the suspension period, a better offer would be received at auction.

Once the allocation of proceeds amongst the creditors of the Borrower has been determined pursuant to a deed issued by a notary public, the creditors of the Borrower may dispute the allocation and file a petition contesting the deed. The Court of First Instance will adjudicate the matter, but the relevant creditor is entitled

to appeal against the decision to the Court of Appeal. This procedure may delay the collection of proceeds for up to five years. This can further delay the time at which the Issuer finally receives the proceeds of the enforcement against the relevant property. However, the law provides that a bank is entitled to the payment of its claim even if its allocation priority is subject to a challenge, provided that the bank provides a guarantee securing repayment of the money in the event that such challenge is upheld. In addition, there is a period of mandatory suspension for all enforcement procedures between 1 and 31 August of each year, except for auctions, which cannot be conducted: (i) between 1 August and 15 September of each year; (ii) on the Wednesday prior to and on the Wednesday following the date of national, European Community and Municipality elections.

Pursuant to Greek law 3858/2010 (published in the Government Gazette issue No. A/102//10.7.2010) all auctions for claims of credit institutions, credit companies, or their assignees not exceeding €200,000 were suspended until 31 December 2010; this suspension had been subsequently extended until 31 December 2013.

Finally, pursuant to article 2 of Greek law 4224/2013, from 1 January 2014 until 31 December 2014 the auction of a debtor's primary residence is suspended provided that the following requirements are all met: a) the relevant property is stated as the debtor's main residence in his/her last annual tax statement; b) the value of the residence does not exceed €200,000; c) the annual family income of the debtor does not exceed €35,000 (or €38,500 for families with three children or more or for those with disabilities of more than 67 per cent.); d) the total value of the debtor's tangible and intangible assets does not exceed €270,000 (or €297,000 for families with three children or more or for those with disabilities of more than 67 per cent.); and e) the total amount of deposits and securities held by the debtor as at 20 November 2013, in Greece or abroad, does not exceed €15,000 (or €16,500 for families with three children or more or for those with disabilities of more than 67 per cent.). During this suspension, the auctioning of the guarantor's real property is not permitted.

Rescheduling of debts of distressed debtors

Law 3869/2010 of the Hellenic Republic (published in the Government Gazette issue No. A/130/3.8.2010), as amended by laws 3996/2011, 4019/2011 and 4161/2013, regulates the readjustment of overdue debts of individuals that do not have the ability to be declared bankrupt pursuant to general bankruptcy provisions under Greek law. Eligible individuals are only those who are in permanent financial inability to repay their overdue debts. Debts that have been undertaken during the year preceding the filing of the application with the competent Justice of Peace and debts that derive from malicious torts, administrative fines, taxes, state levies, social security contributions and loans granted by social security institutions are excluded from the scope of the law.

The law provides for out-of-court and judicial settlement procedures aiming to enable such individuals to develop, in agreement with creditors holding at least the majority of the overdue debts, a plan to repay their debts in the course of time. A date, no later than two months as from the filing of the relevant petition, is set by the Justice of Peace for the ratification of the proposed settlement. On such date either the settlement will be ratified, or the debtor's request for the issuance of an injunction measure will be heard. Until this date, enforcement proceedings against the debtor are suspended and no disposal of the debtor's assets is permitted, and the debtor is obliged to pay monthly instalments which cannot be less than 10 per cent. of the monthly instalments that would be payable by the debtor to all his/her creditors and, in any case, not less than €40 in the aggregate. If a settlement has not been reached and ratified by the Justice of Peace, the latter may order on that date (either upon the debtor's or the creditor's request or *ex officio*) the suspension of enforcement proceedings against the debtor, the maintenance of his/her assets, as well as the payment of monthly instalments until the issuance of a final decision. Such instalments will be allocated on a *pro rata* basis and cannot be less than 10 per cent. of the monthly instalments that would otherwise be payable by the debtor to all his/her creditors. In any case, these monthly instalments payable to all creditors may not be less than €40 in the aggregate. Exceptionally, according to article 8 par. 5 of Law 3869/2010, the Justice of Peace may determine monthly instalments at a lower amount, or even zero.

Should these procedures fail, their debts may be readjusted by the competent Justice of Peace (on the basis of the family income and property and after taking into consideration the family needs) by way of payment in monthly instalments of an amount set by the court within a period of three to five years, such instalments to be paid directly to the creditors on a *pro rata* basis. Proper repayment of the amount adjudicated by the court shall release the debtor from its debts. In extreme circumstances, such as chronic unemployment, or serious health problems, an individual may be fully discharged from his or her debts, but in such a case the court would re-examine on a regular basis whether those circumstances continue to apply. The time for the filing of the application with the competent court started from January 2011 onwards.

The law provides that from the time of filing by the debtor of the relevant petition before the competent Justice of Peace until the final decision, any enforcement proceedings against such debtor may be suspended (following a relevant decision by the court) and interest stops accruing, except interest relating to secured debts that continues to accrue until the issuance of the court decision in respect of the application. However, in this case no default interest or compound interest shall accrue. In addition, a liquidator may be appointed in order to liquidate any property assets and distribute the proceeds to the creditors or to monitor and assist the proper consummation of the readjustment plan. The debtor, under certain circumstances, may also apply for the exclusion of his or her primary residence from liquidation, provided that the total area of such residence does not exceed the limit provided by law for the non-application of transfer tax, plus 50 per cent. thereon. In this case, the court will readjust the debt in an amount not exceeding 80 per cent. of the residence's "objective" value and for a period not exceeding twenty years (or thirty-five years, in case the relevant loan tenor is more than twenty years). A grace period may also be provided. The rights of creditors secured by a pre-notation and/or mortgage over the debtor's primary residence rank in priority in relation to payments made under the relevant arrangement. The rights of the creditors against co-debtor(s) or guarantors remain unaffected.

This law may have an adverse effect on the timing or the amount of collections under certain Loans concluded with borrowers that fall under its scope and make use of its provisions, which may in turn affect the Issuer's ability to meet its obligations in respect of the Covered Bonds.

Relief arrangement for debtors not in default

Pursuant to Law 4161/2013, until 16 April 2014, debtors not in default had the right to claim from a credit institution a relief arrangement of their debt for a grace period of up to forty-eight months, during which the total amount of monthly payments towards the credit institution shall not exceed 30 per cent. of monthly family income, after tax and public fund fees are exempted. Law 4161/2013 has not been extended to have effect beyond 16 April 2014, but it is possible that it may be so extended. Such a debtor may apply for this scheme if the following conditions are all met: 1) the underlying initial loan agreement was concluded no later than 30 June 2010; 2) the related security is over the debtor's primary residence which must be stated as such in his/her last annual income tax statement; 3) the "objective" value of this residence does not exceed €180,000 (or €200,000 for families with three children or more); 4) the "objective" value of the debtor's overall real property does not exceed €250,000 (or €300,000 for families with three children or more); 5) the total amount of the debtor's deposits and securities does not exceed €10,000 (or €15,000 for families with three children or more); 6) the total outstanding principal loan amount does not exceed €150,000. Furthermore, this relief may only be granted to debtors who meet each of the following criteria: 1) they are unemployed, pensioners, employees or salaried workers; 2) they have annual family income that does not exceed €15,000 if they submit an individual tax statement, or €25,000 in case they submit a joint tax statement (increased by €5,000 for families with three children or more or those with disabilities of more than 67 per cent.); and 3) they experience an income decrease of at least 20 per cent. when compared with the year 2009.

Administration of non-performing loans

In February 2013, the Government Council for the Administration of Private Debt was established by virtue of Greek law 4224/2013 (the **Council**), whose objective is, amongst others, to form policies for the organization of an integrated mechanism for the effective administration of non-performing loans and to propose amendments to the existing legal framework, both in terms of substance and procedure, to this effect.

The above law also provides that the Council defines the principles of the “*cooperative borrower*” and makes estimates as to the “*reasonable cost of living*” which will be incorporated in the “*Code of Conduct of the Banks*” for the administration of non-performing loans to be issued by the Bank of Greece and come into force by the end of December 2014 at the latest. This code will include, amongst others, provisions in relation to the procedures for risk assessment, valuation of the repayment ability, binding rules of conduct for the banks with precise timelines, terms of communication between credit institutions and borrowers. The above concepts of “*cooperative borrower*” and “*reasonable cost of living*” should be used in banks’ decision making process in respect of rescheduling of non-performing loans.

The above law also provides that the Hellenic Consumers’ Ombudsman will mediate between lenders and debtors aiming to re-schedule non-performing loans and, in particular, in relation to issues of application of the aforesaid “*Code of Conduct of the Banks*”.

The Bank of Greece by the Act of Executive Committee No. 42/30.5.2014 determined the framework of obligations of the credit institutions in relation to the administration of overdue and non-performing loans, providing for an independent unit of the credit institutions for the administration of such loans, the establishment of a separate procedure for the administration thereof supported by appropriate IT systems and periodic filing of reports to the management of the credit institutions and the Bank of Greece. Further, this Act provides an indicative list of usual loan rescheduling models.

Auction Proceeds

The proceeds of an auction following enforcement against a property securing a Loan must be allocated in accordance with article 975 (as amended by article 41 of Greek Law 3863/2010, article 56 of Greek Law 3994/2011, article 19 paragraph 10 of Greek Law 4055/2012 and article 71 of Greek Law 4174/2013) and article 976 of the Greek Civil Procedure Code. These Articles require the notary public who acted as the auction clerk to deduct the expenses (including legal, bailiff’s and notarial fees) incurred in connection with the enforcement from the proceeds and then to satisfy, in priority to other claims, claims of the Hellenic Republic against the relevant Borrower in respect of Value Added Tax and related surcharges, claims against the relevant Borrower pursuant to employment relationships and contracts for legal and educational services arising in the previous two years, claims against the relevant Borrower of social security funds subject to the responsibility of the General Secretariat of Social Security arising until the time of the auction (which should not be relevant for the majority of Borrowers who are not professionals), as well as compensation claims against the relevant Borrower of persons suffering disability at the level of 67 per cent. or more arising until the time of the auction. Up to one-third of the remaining proceeds are allocated to the following creditors of the Borrower, to the extent applicable, in the following order:

- (i) claims for hospitalisation and funeral costs of the Borrower and his family arising in the previous 12 months, as well as compensation claims against the Borrower of persons suffering disability at the level of 80 per cent. or more arising until the time of the auction;
- (ii) costs for the nourishment of the Borrower and his family arising in the previous six months;
- (iii) claims by farmers or farming partnerships arising from the sale of agricultural goods during the previous 24 months;
- (iv) claims of the Greek state and municipal authorities that are due and payable prior to the auction; and

- (v) claims by the Athens Stock Exchange Members' Guarantee Fund (if the Borrower is or was an investment services company within the meaning of Greek Law 3606/2007) arising in the previous 24 months (this should not be relevant for any Borrower).

The remaining two-thirds of the proceeds are allocated to secured creditors in order of class and date of creation of security and, once these claims have been satisfied in full, any remaining amounts are allocated to unsecured creditors. Accordingly, the Issuer, as owner of a first-ranking pre-notation could be limited to receiving approximately two-thirds of the proceeds raised by an auction of a property securing a Loan if a claim under Article 975 of the Greek Civil Procedure Code exists. In such case, the proceeds may not be sufficient to discharge the amount that is owed by the Borrower to the Issuer under the Loan, which may in turn affect the Issuer's ability to meet its obligations in respect of the Covered Bonds.

The length, complexity and uncertainty of success of enforcement procedures in Greece means that, in relation to any defaulted or delinquent Loan included in the Cover Pool, there may be a substantial delay in recovering any amounts due under the relevant Loan which may adversely affect the Issuer's ability to meet its obligations under the Covered Bonds.

However, given that the loans are given a maximum 80 per cent. loan-to-value indexed value for the purpose of calculating the Statutory Tests and the Amortisation Test, the value of the property securing a Loan should exceed the Outstanding Principal Balance of that portion of the Loan accredited value for the purposes of the Statutory Tests. Accordingly, the possibility that the Issuer will not receive sufficient proceeds following the enforcement against a property securing a Loan to discharge the amounts that are owed to it by the relevant Borrower is reduced.

Greek Consumer Protection Laws

Greece has specific consumer protection legislation (Law 2251/1994 as repeatedly amended, most recently by Law 3587/2007) following Directives 87/102 as amended by Directives 2002/65, 2005/29. Furthermore, according to statutory delegation granted by the recent Law 3587/2007, the Greek Ministry of Development issued a decision in June 2008 (No. Z1-798 published in Gov. Gazette 1353/B/11.7.2008, as amended and clarified by Ministerial Decisions Z1-21/17.1.2011 published in Gov. Gazette 21/B/2011 and Z1-74/2011 published in Gov. Gazette 292/B/2011), by which a number of provisions of mortgage loans (such as the calculation of interest on the basis of a 360 day year, certain arrangement fees and prepayment penalties, termination of the mortgage loan and demand of the total outstanding balance due to any late payment, disclaimer of the guarantor regarding certain rights granted to guarantors under articles 862-868 of the Greek Civil Code, etc.) have been declared to be "abusive" and are thus null and void, because these provisions have already been held to be abusive and therefore illegal by irrevocable decisions of the Greek Courts. The above Ministerial Decision applies also to mortgage loans entered into prior to its enactment because the Greek Supreme Court has repeatedly held that the consumer protection laws have retrospective effect and apply also to agreements previously entered into.

Following a class action by a local consumer association (EKPIZO) concerning mortgage loans originated by Emporiki Bank, the Greek Supreme Court under its decision 430/2005 held that a number of the provisions of the mortgage loans of Emporiki Bank (commonly used by lenders in Greece in their mortgage loans) were unenforceable on the grounds of illegality or of being contrary to good faith. In particular, the Greek Supreme Court held that certain prepayment penalties and arrangement commissions charged to borrowers are abusive and therefore illegal. Further, it was held that banks could not calculate interest on a 360 day year basis and charge days on the actual days elapsed, therefore any excess interest charged in this manner is illegal.

Further, the Greek Supreme Court by its decision No. 15/2007 on litigation with an individual borrower (not a class action) held that a penalty charged upon prepayment of a fixed rate mortgage loan (in that case six months' interest on the amount prepaid) is valid and enforceable, provided that the calculation of the amount of such penalty is transparent and justified in accordance with the terms of the mortgage loan. Moreover, a

recent amendment of the consumer protection legislation (Law 2251/1994 article 2 paragraph 7(xxxii)) provides that any penalty clause in a consumer contract must be sufficiently justified by reference to the actual loss it aims to cover.

The standard documentation for the Loans contains certain similar provisions with respect to prepayment penalties and arrangement commissions. To the extent that the Issuer charged and continues to charge such amounts or any excess interest calculated on a 360 day year basis to its Borrowers, the Borrowers may claim back such amounts. Furthermore, the Issuer would be liable to Borrowers should the above amounts continue to be charged after the Programme Closing Date. Any such claim by a Borrower could reduce the Issuer's ability to make payments in respect of the Covered Bonds.

In a class action brought by a consumer association regarding the validity of several general terms of (among other things) mortgage loans of Piraeus Bank, the Athens Court of First Instance in its Decision No. 711/2007 (which has subsequently been confirmed by Decision No. 3956/2008 of the Athens Court of Appeal and, more recently, by Decision No. 2123/2009 of the Greek Supreme Court), held that a term of a mortgage loan providing that, in the case of a loan with partial drawdowns, the entire loan amount is drawn down and deposited into a blocked savings account held with the lending bank and is gradually released, while the borrower is charged as of such drawdown with interest calculated on the entire loan amount, is abusive and, therefore, invalid under the consumer protection law (Greek Law 2251/1994 as in force at such time), because it creates a significant imbalance in the rights and obligations of the lending bank and the borrower, to the detriment of the borrower. The standard documentation of certain Loans contains such a provision.

According to the Act of the Governor of the Bank of Greece No. 2501/2002 and the related Decision No. 178/2004 of the Committee of Banking and Credit Issues of the Bank of Greece, the adjustment of floating interest rate must be: (i) linked to one or more index rates (i.e. ECB, EURIBOR etc.) and, where one or more index rates are applied, the percentage level of each one to the overall adjustment shall be stated and specified; and (ii) determined either as a maximum multiple of each variation of the index rate or as the aggregate of the index rates in force from time to time and a maximum spread above such rate. Further, in a class action brought by a consumer association regarding the validity of several general terms of (amongst others) credit card agreements of National Bank of Greece, the Greek Supreme Court under its decision No. 652/2010 held that a term granting to the bank the right to adjust the floating interest rate at its sole discretion by up to 200 per cent. of the variation of the index rate is valid and enforceable to the extent that such adjustment is justified by specific factors provided for in the contractual terms.

The standard documentation of certain Loans linked to the Issuer's base rate provides for adjustment of the Issuer's base rate either based on the profile variation of one month EURIBOR plus/minus 50 basis points, without reference to specific factors justifying such adjustment, or on a variety of factors without reference to any index rate. Such interest adjustment term may be held not to comply with the clarity and transparency requirements as set out in the preceding paragraph.

However, it should be noted that the Borrowers cannot exercise set-off rights against the receivables constituting the Cover Pool because they are unattachable under a specific provision of the Greek Covered Bond Legislation (paragraph 8 of article 152) (unless otherwise provided in the Programme) and claims being unattachable are not subject to set-off, pursuant to article 451 of the Greek Civil Code. Accordingly the Borrowers may not exercise set-off rights, such as those in relation to prepayment penalties, against the Issuer on the basis of the general provision of article 451 of the Greek Civil Code, which explicitly prohibits set-off against unattachable claims. This restriction does not apply to the set off rights of the Issuer, as lender of Loans, against the Borrowers (for example, in respect of deposits or remittances, subject to any applicable restrictions and/or prohibitions, such as those provided for in article 20 of Greek Law 4161/2013, under which deposits up to €1,500, or €2,000 in case of joint deposit accounts, may be designated as unattachable, thus not being subject to set-off) and the Issuer, and its successors and assigns (such as the Trustee) may exercise set-off rights against the Borrowers.

Finally, a Greek Court of First Instance, on litigation with an individual borrower (not a class action), recently held that the provision of a mortgage loan denominated in CHF (and originated by a Greek credit institution, as commonly used by lenders in Greece in their mortgage loans denominated in foreign currency) under which payments on the loan by the borrower were to be made in EUR based on the CHF/EUR exchange rate applicable on the date of payment, is "abusive" and thus null and void, and that payments in EUR should be calculated on the basis of the CHF/EUR exchange rate applicable on the date of the loan disbursement. It should be noted that this court decision (no. 23/2014 of the Multimember First Instance Court of Xanthi) is subject to appeal before the competent Court of Appeal. There are no reported decisions of higher Greek courts on this issue. Should the decision of this case not be successfully appealed, or should other similar cases brought by borrowers succeed, payments under such loans would be calculated on the basis of the CHF/EUR currency exchange rate as applicable on the date of the loan disbursement, rather than on the date of payment of each instalment as provided in the relevant loan documentation. This may result in the Issuer receiving significantly lower payments in respect of these loans if the CHF/EUR currency exchange rate on the date of the loan disbursement was higher than on the date of repayment of any instalment.

Greek Covered Bond Legislation

The Greek Covered Bond Legislation came into force in 2007 by virtue of article 91 of Greek Law 3601/2007, which has recently been abolished by Greek Law 4261/2014. Article 152 of Greek Law 4261/2014, which constitutes a repetition of article 91 of Greek Law 3601/2007, came into force on 5 May 2014, while the Secondary Covered Bond Legislation came into force on 21 November 2007 and was amended and restated on 29 September 2009. The transactions contemplated in this Base Prospectus are based, in part, on the provisions of the Greek Covered Bond Legislation. So far as the Issuer is aware, as at the date of this Base Prospectus there have been six similar programmes based upon the Greek Covered Bond Legislation and there has been no judicial authority as to the interpretation of any of the provisions of the Greek Covered Bond Legislation. For further information on the Greek Covered Bond Legislation, see "*Overview of the Greek Covered Bond Legislation*". There are a number of aspects of Greek law which are referred to in this Base Prospectus with which potential Covered Bondholders are likely to be unfamiliar. Particular attention should be paid to the sections of this Base Prospectus containing such references.

Insolvency proceedings and subordination provisions

Recent English insolvency and US bankruptcy court rulings may restrain parties from making or receiving payments in accordance with the order of priority agreed between them.

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of certain payments under the Priorities of Payment.

The English Court of Appeal affirmed the decision of the English High Court that such a subordination provision is valid under English law in *Perpetual Trustee Co Ltd v BNY Corporate Trustee Services Ltd [2009] EWCA Civ 1160*. The insolvent party has been granted leave to appeal the decision to the Supreme Court and the question of the validity of the payment priorities will therefore be subject to further judicial consideration in the future. However, contrary to the determination of the English courts, the US Bankruptcy Court held in the case of *Lehman Brothers Special Financing Inc. v. BNY Corporate Trustee Services Limited Case No. 09-01242 (Bankr. S.D.N.Y.) (JMP)* that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay

which applies under such law in the case of a US bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known.

If a creditor of the Issuer (such as a Hedging Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priorities of Payments which refers to the ranking of a party's payment rights). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy law. If a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds.

Given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents include terms providing for the subordination of certain payments under the Priorities of Payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may reduce.

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities.

The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any

Paying Agent (as defined in the terms and conditions of the Covered Bonds) nor any other person would be obliged to pay additional amounts with respect to any Covered Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Foreign Account Tax Compliance withholding may affect payments on the Covered Bonds

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

While the Covered Bonds are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, *société anonyme* (together, the **ICSDs**), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer’s obligations under the Covered Bonds are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer of the Covered Bonds) and the Issuer therefore has no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Prospective investors should refer to the section “*Taxation - Foreign Account Tax Compliance Act.*”

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Covered Bonds should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or may be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Covered Bonds.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

Although the effect of these proposals on the Issuer will not be known until the legislation is finalised, the FTT may also adversely affect certain of its businesses.

Taxation

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

In particular, investors should note that the Greek income taxation framework was recently amended and reformed. A new Greek income tax code was very recently brought into force (by virtue of Law 4172/2013, applicable to income generated as of 1 January 2014, as amended by virtue of Law 4254/2014, effective as of 7 April 2014). See "*Taxation*" below for further details. Accordingly very little (if any) precedent or authority exists as to the application of this new income tax code. Further, non-Greek tax residents may have to submit a declaration of non-residence or produce documentation evidencing non-residence in order to claim any exemption under applicable tax laws of Greece.

Pursuant to the Greek Code of Income Tax (Greek Law 4172/2013, as in force), payments of interest in respect of the Covered Bonds to Covered Bondholders residing in Greece shall be subject to withholding tax at a rate of 15 per cent. If payment is made by a paying agent in Greece, such agent is liable to make the relevant withholding. Save as discussed under "*Taxation*" below, individuals will have no further tax liability in respect of these payments.

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

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

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

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

Changes of law

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English and Greek law, respectively, in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English or Greek law (or the laws of any other jurisdiction) (including any change in regulation which may occur without a change in the primary legislation) or administrative practice in the UK or Greece after the date of this Base Prospectus, nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Covered Bonds.

Covered Bonds where denominations involve integral multiples: definitive Covered Bonds

In relation to any issue of Covered Bonds that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Covered Bondholder who, as a result of trading such amounts, holds an amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, may not receive a definitive Covered Bond in respect of such holding (should definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination.

If definitive Covered Bonds are issued, Covered Bondholders should be aware that definitive Covered Bonds that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Exchange rate risks and exchange controls

The Issuer (or the Servicer on its behalf) will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency (the **Investor's Currency**). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent-yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds.

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

Interest rate risks

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

DOCUMENTS INCORPORATED BY REFERENCE¹

The following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus (except to the extent expressly excluded as specified where applicable below):

- (a) The “Terms and Conditions of the Covered Bonds” contained in the previous base prospectus relating to the Programme dated 8 February 2011, which appear on pages 79-115 [79-115] (but excluding pages 1-78 [1-78] and 116-217 [116-217], which are not incorporated by reference in, and do not form part of, this Base Prospectus).
- (b) The annual financial report of Piraeus Bank for the financial year ended 31 December 2013 (the **2013 Annual Financial Report**) (but excluding pages 1-46 [1-47], which are not incorporated by reference in, and do not form part of, this Base Prospectus) which includes:
 - (i) the auditors’ report in respect of the audited consolidated and non-consolidated annual financial statements as of and for the financial year ended 31 December 2013 which appears on pages 47 to 48 [48-49] of the 2013 Annual Financial Report;
 - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31 December 2013 which appear on pages 1 to 99 [52-150] of the section headed “*Consolidated Financial Statements*” in the 2013 Annual Financial Report. The balance sheet appears on page 4 [55], the income statement appears on page 3 [54], the cash flow statement appears on page 6 [57], the statement of changes in equity appears on page 5 [56] and the explanatory notes appear on pages 7 to 99 [58-150] of the “*Consolidated Financial Statements*” section; and
 - (iii) the audited non-consolidated annual financial statements as at and for the financial year ended 31 December 2013 which appear on pages 1 to 89 [153-241] of the section headed “*Financial Statements*” in the 2013 Annual Financial Report. The balance sheet appears on page 4 [156], the income statement appears on page 3 [155], the cash flow statement appears on page 6 [158], the statement of changes in equity appears on page 5 [157] and the explanatory notes appear on pages 7 to 89 [159-241] of the “*Financial Statements*” section.
- (c) The annual financial report of Piraeus Bank for the financial year ended 31 December 2012 (the **2012 Annual Financial Report**) (but excluding pages 1-28 [1-29], which are not incorporated by reference in, and do not form part of, this Base Prospectus) which includes:
 - (i) the auditors’ report in respect of the audited consolidated and non-consolidated annual financial statements as of and for the financial year ended 31 December 2012 which appears on pages 29 to 30 [30-31] of the 2012 Annual Financial Report;
 - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31 December 2012 which appear on pages 1 to 75 [34-108] of the section headed “*Consolidated Financial Statements*” in the 2012 Annual Financial Report. The balance sheet appears on page 4 [37], the income statement appears on page 3 [36], the cash flow statement appears on page 6 [39], the statement of changes in equity appears on page 5 [38] and the explanatory notes appear on pages 7 to 75 [40-108] of the “*Consolidated Financial Statements*” section; and
 - (iii) the audited non-consolidated annual financial statements as at and for the financial year ended 31 December 2012 which appear on pages 1 to 65 [111-175] of the section headed “*Financial Statements*” in the 2012 Annual Financial Report. The balance sheet appears on page 4 [114], the income statement appears on page 3 [113], the cash flow statement appears on page 6 [116], the statement of changes in equity appears on page 5 [115] and the explanatory notes appear on pages 7 to 65 [117-175] of the “*Financial Statements*” section.
- (d) the financial statements for the three months ended 31 March 2014 of Piraeus Bank Group, including the unaudited consolidated interim condensed financial statements as at and for the three months ended 31 March 2014 which appear on pages 1 to 28 [3-28]. The balance sheet appears on page 4 [6], the

¹ Please note that the page numbers in square brackets in this section “Documents Incorporated by Reference” are references to the pdf-format page numbering of the relevant documents and are included for ease of reference only.

income statement appears on page 2 [4], the cash flow statement appears on page 6 [8], the statement of changes in equity appears on page 5 [7] and the explanatory notes appear on pages 7 to 28 [9-30] of that document; and

- (e) the financial statements for the three months ended 31 March 2014 of Piraeus Bank, including the unaudited interim condensed financial statements as at and for the three months ended 31 March 2014 which appear on pages 1 to 23 [3-23]. The balance sheet appears on page 4 [6], the income statement appears on page 2 [4], the cash flow statement appears on page 6 [8], the statement of changes in equity appears on page 5 [7] and the explanatory notes appear on pages 7 to 21 [9-23] of that document.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered offices of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. This Base Prospectus, each Final Terms relating to Covered Bonds admitted to trading on the Luxembourg Stock Exchange and the documents incorporated by reference will also be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

For items (a) to (e) above, the information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information that is not required by the relevant annexes of Commission Regulation (EC) No. 809/2004 of 29 April 2004. Any non-incorporated parts of a document referred to above are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus in accordance with article 13 of Part II of the Luxembourg Act or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series or Tranche of Covered Bonds, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Covered Bonds shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a supplement to the Base Prospectus will be published.

Words and expressions defined in the “Terms and Conditions of the Covered Bonds” below or elsewhere in this Base Prospectus have the same meanings in this summary.

PRINCIPAL PARTIES

Issuer	Piraeus Bank S.A. (Piraeus Bank or the Issuer).
Arranger	Barclays Bank PLC, acting through its investment banking division (Barclays Bank PLC).
Dealers	Barclays Bank PLC, Piraeus Bank S.A. and/or any other dealers appointed from time to time in accordance with the Programme Agreement.
Servicer	<p>Piraeus Bank (in its capacity as the servicer and, together with any replacement servicer appointed pursuant to the Servicing and Cash Management Deed from time to time, the Servicer) will service the Loans and Related Security in the Cover Pool pursuant to the Servicing and Cash Management Deed.</p> <p>The Servicer shall also undertake certain notification and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Collection Accounts and the Transaction Account and cash management activities (the Servicing and Cash Management Services) in accordance with the Servicing and Cash Management Deed and the Greek Covered Bond Legislation, including the calculation of the Statutory Tests and the Amortisation Test.</p>
Asset Monitor	A reputable firm of independent auditors and accountants, not being the auditors of the Issuer for the time being, appointed pursuant to the Asset Monitor Agreement as an independent monitor to perform tests in respect of (i) the Statutory Tests when required in accordance with the Greek Covered Bond Legislation and (ii) the Amortisation Test when required in accordance with the Servicing and Cash Management Deed. The initial Asset Monitor will be Deloitte Hadjipavlou, Sofianos & Cambanis S.A., acting through its office at 3a Fragoklissias & Granikou str., Maroussi 151 25, Athens, Greece (the Asset Monitor).
Account Bank	<p>Citibank, N.A., London Branch acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has agreed to act as account bank (the Account Bank) pursuant to the Bank Account Agreement.</p> <p>In the event that the Account Bank ceases to be an Eligible Institution, the Servicer will be obliged to transfer the Transaction Account to a credit institution with the appropriate minimum ratings.</p>

Eligible Institution means any bank whose long-term and short-term issuer default ratings (**IDR**) are at least A and F1 respectively by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies).

Principal Paying Agent

Citibank, N.A., London Branch (the **Principal Paying Agent** and, together with any agent appointed from time to time under the Agency Agreement, the **Paying Agents**). The Principal Paying Agent will act as such pursuant to the Agency Agreement.

Registrar

Citibank, N.A., London Branch (the **Registrar**). The Registrar will act as such pursuant to the Agency Agreement.

Trustee

Citicorp Trustee Company Limited acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the **Trustee**) has been appointed to act as bond trustee for the Covered Bondholders in respect of the Covered Bonds in accordance with paragraph 2 of Article 152 and the Trust Deed and will also act as security trustee to hold the benefit of all security granted by the Issuer (on trust for itself, the Covered Bondholders and the other Secured Creditors) under the Deed of Charge and the Statutory Pledge granted pursuant to the Greek Covered Bond Legislation.

Covered Bond means each covered bond issued or to be issued pursuant to the Programme Agreement and which is or is to be constituted under the Trust Deed, which covered bond may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements for a Covered Bond issued pursuant to Condition 12 (*Replacement of Covered Bonds, Coupons and Talons*).

Covered Bondholders means the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Bearer Global Covered Bond deposited with a common depositary or, as applicable, common safekeeper for Euroclear and Clearstream, Luxembourg, or so long as Euroclear or Clearstream, Luxembourg or its nominee is the registered holder of a Registered Global Covered Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg), as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such principal amount of such Covered Bonds.

Hedging Counterparties

The Issuer may, from time to time, enter into Hedging Agreements with various swap providers to hedge certain currency and/or other risks (each a **Covered Bond Swap Provider**), interest risks (each an **Interest Rate**

Swap Provider) and currency risks (each an **FX Rate Swap Provider** and, together with the Covered Bond Swap Providers, Interest Rate Swap Providers and any other swap provider under a Hedging Agreement, the **Hedging Counterparties**) associated with the Covered Bonds. The Hedging Counterparties will act as such pursuant to the relevant Hedging Agreements (as defined herein). Each Hedging Counterparty will be required to satisfy the conditions under paragraph I. 2(b)(b2) of the Secondary Covered Bond Legislation.

Listing Agent	Banque Internationale à Luxembourg S.A. (the Luxembourg Listing Agent).
Rating Agencies	Means Fitch Ratings Limited (Fitch) or any other rating agency which may be appointed under the Programme from time to time to provide ratings for a specific issue of Covered Bonds or on any on-going basis (together, the Rating Agencies and each a Rating Agency).

PROGRAMME DESCRIPTION

Description	Piraeus Bank €10 billion Covered Bond Programme (the Programme).
Programme Amount	Up to €10 billion (or its equivalent in other currencies determined as described in the Programme Agreement) outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Issuance in Series	Covered Bonds will be issued in Series, but on different terms from each other, subject to the terms set out in the relevant Final Terms in respect of such Series. Save in respect of the first issue of Covered Bonds, Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms from an existing Series of Covered Bonds (in which case they will constitute a new Series). The Issuer may issue Covered Bonds without the prior consent of the Covered Bondholders pursuant to Condition 16 (<i>Further Issues</i>).

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Issue Date means the date of issue of a Series or Tranche as specified in the relevant Final Terms (each, the **Issue Date** in relation to such Series or Tranche).

Interest Commencement Date means, in the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms from (and including) which the relevant Covered Bonds will accrue interest.

Final Terms	Final terms (the Final Terms) will be issued and published in accordance with the terms and conditions set out herein under “ <i>Terms and Conditions of the Covered Bonds</i> ” (the Conditions) prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of
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that Series only, complete the Conditions and the Base Prospectus and must be read in conjunction with the Conditions and the Base Prospectus. The terms and conditions applicable to any particular Series are the Conditions as completed by the relevant Final Terms.

Conditions Precedent to the Issuance of a new Series or Tranche of Covered Bonds	It is a condition precedent to the issuance of a new Series or Tranche of Covered Bonds that (i) there is no Issuer Event outstanding and that such issuance would not cause an Issuer Event, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) the Rating Agencies have been notified of such issuance, (iv) such issuance has been notified to the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.
Proceeds of the Issue of Covered Bonds	The gross proceeds from each issue of Covered Bonds will be used by the Issuer to fund its general corporate purposes.
Form of Covered Bonds	The Covered Bonds may be issued in either bearer or registered form. Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and <i>vice versa</i> .
Specified Currency	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Denominations	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms, save that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than Euro, the equivalent amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000.
Fixed Rate Covered Bonds	The applicable Final Terms may provide that certain Covered Bonds will bear interest at a fixed rate (Fixed Rate Covered Bonds), which will be payable on each Interest Payment Date and on the applicable redemption date and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Floating Rate Covered Bonds	The applicable Final Terms may provide that certain Covered Bonds bear interest at a floating rate (Floating Rate Covered Bonds). Floating Rate Covered Bonds will bear interest at a rate determined: <ul style="list-style-type: none">(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or(c) on such other basis as may be agreed between the Issuer and the

relevant Dealer(s),

as set out in the applicable Final Terms.

ISDA Definitions means the 2006 ISDA Definitions, as published by ISDA.

The margin (if any) relating to such floating rate (the **Margin**) will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms.

Other provisions in relation to Floating Rate Covered Bonds

Floating Rate Covered Bonds may also have a Maximum Rate of Interest, a Minimum Rate of Interest or both (as indicated in the applicable Final Terms). Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Zero Coupon Covered Bonds

The applicable Final Terms may provide that Covered Bonds, bearing no interest (**Zero Coupon Covered Bonds**), may be offered and sold at a discount to their nominal amount.

Ranking of the Covered Bonds

All Covered Bonds will rank *pari passu* and *pro rata* without any preference or priority among themselves, irrespective of their Series, for all purposes except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Taxation

All payments of principal, interest and other proceeds (if any) on the Covered Bonds will be made free and clear of any withholding or deduction for, or on account of, any taxes, unless the Issuer or any intermediary that intervenes in the collection of interest and other proceeds on the Covered Bonds is required by applicable law to make such a withholding or deduction. In the event that such withholding, or deduction is required by law, the Issuer will not be required to pay any additional amounts in respect of such withholding or deduction.

Status of the Covered Bonds

The Covered Bonds are issued on an unconditional basis and in accordance with Article 152 of Greek Law 4261/2014 (published in the Government Gazette No 107/A/5-5-2014) (**Article 152**) (which constitutes a repetition of Article 91 of Greek Law 3601/2007 that has been abolished by Greek Law 4261/2014) and the Act of the Governor of the Bank of Greece No. 2598/2007, as amended and restated by the codifying Act of the Governor of the Bank of Greece No. 2620/2009 (the **Secondary Covered Bond Legislation** and, together with Article 152, the **Greek Covered Bond Legislation**). The Covered Bonds are backed by assets forming the Cover Pool of the Issuer and to the extent such assets are governed by Greek law, have the benefit of a statutory pledge established pursuant to paragraph 4 of Article 152 (the **Statutory Pledge**) by virtue of registration statement(s) filed with the Athens Pledge Registry (each a **Registration Statement**) pursuant to paragraph 5 of Article 152. The form of the Registration Statement is defined in Ministerial Decree No 95630/8-9-2008 (published in the Government Gazette No 1858/B/12-9-2008) of the Minister of Justice.

Payments on the Covered Bonds will be direct and unconditional obligations of the Issuer.

Security for the Covered Bonds

In accordance with the Greek Covered Bond Legislation, by virtue of the Transaction Documents and pursuant to any Registration Statement, the Cover Pool and all cashflows derived therefrom (including any amounts standing to the credit of the Collection Accounts or the Third Party Collection Account) will be available both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Covered Bondholders and the other Secured Creditors in priority to the Issuer's obligations to any other creditors, until the repayment in full of the Covered Bonds.

In accordance with the Deed of Charge, security will be created for the benefit of the Trustee on behalf of the Secured Creditors in respect of the Hedging Agreements and any other Transaction Documents.

Secured Creditors means the Covered Bondholders, the Couponholders, the Trustee, any Receiver, the Asset Monitor, the Account Bank, the Agents, the Servicer, the Hedging Counterparties and any other creditor of the Issuer having the benefit of the Charged Property in accordance with the Greek Covered Bond Legislation or pursuant to any transaction document entered into in the course of the Programme (provided that, where Piraeus Bank performs any of the above roles, Piraeus Bank shall not be a Secured Creditor).

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Property by the Trustee pursuant to the Deed of Charge.

Agents means the Paying Agents, the Registrar, the Transfer Agents and any Calculation Agent.

Calculation Agent means in relation to one or more Series, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer pursuant to the Agency Agreement, or if applicable, any successor calculation agent in relation to such Covered Bonds.

Transfer Agent means in relation to all or any Series of Registered Covered Bonds, the person initially appointed as transfer agent in relation to such Covered Bonds by the Issuer pursuant to the Agency Agreement, or if applicable, any successor transfer agent in relation to all or any Series of such Covered Bonds.

Charged Property means the property, assets and undertakings charged by the Issuer pursuant to Clause 3 (*Security and Declaration of Trust*) of the Deed of Charge together with, where applicable, the property pledged pursuant to the Statutory Pledge.

Cross-collateralisation and Recourse

By operation of Article 152 and in accordance with the Transaction Documents, the Cover Pool Assets shall form a single portfolio, irrespective of the date of assignment to the Cover Pool and shall be held by the Trustee for the benefit of the Covered Bondholders and the other

Secured Creditors irrespective of the Issue Date of the relevant Series. The Covered Bondholders and the other Secured Creditors shall have recourse to the Cover Pool.

The Cover Pool Assets may not be seized or attached in any form by creditors of the Issuer other than by the Trustee on behalf of the Covered Bondholders and the other Secured Creditors.

In order to ensure that the Cover Pool is, at any time, sufficient to meet the payment obligations of the Issuer under the Covered Bonds, the Issuer shall be obliged, within certain limits and upon certain conditions, to effect certain changes to the Cover Pool Assets comprising the Cover Pool.

Issue Price Covered Bonds of each Series may be issued at par or at a premium or discount to par on a fully-paid basis or partly-paid basis (in each case, the **Issue Price** for such Series or Tranche) as specified in the relevant Final Terms in respect of such Series.

Interest Payment Dates In relation to any Series of Covered Bonds, the meaning given in the applicable Final Terms (as the case may be).

Programme Payment Date The 18th day of January, April, July and October and if such day is not an Athens Business Day the first Athens Business Day thereafter (the **Programme Payment Date**).

Athens Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Athens and London.

Business Day means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Athens and any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London, Athens and any Additional Business Centre, or as otherwise specified in the applicable Final Terms) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Cross Settlement Express Transfer (**TARGET2**) System is open.

Early Redemption The applicable Final Terms may specify that either the relevant Series of Covered Bonds can be redeemed prior to their stated maturity for taxation reasons in the manner set out in Condition 7.2 (*Redemption and Purchase - Redemption for taxation reasons*), or that such Covered Bonds will be redeemable, in full or in part at the option of the Issuer and/or the Covered Bondholders upon giving notice to the Covered Bondholders or the Issuer (as the case may be), on a date or dates specified prior to such stated

maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Final maturity and extendable obligations under the Covered Bonds

The final maturity date for each Series (the **Final Maturity Date**) will be specified in the relevant Final Terms as agreed between the Issuer and the relevant Dealer(s). Unless specified otherwise in the Final Terms or previously redeemed as provided in the Conditions, the Covered Bonds of each Series will be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date. If the Covered Bonds are not redeemed in full on the relevant Final Maturity Date, or (as described below) where the Covered Bonds are subject to an Extended Final Maturity Date, on the Extended Final Maturity Date, then the Trustee shall serve a Notice of Default on the Issuer pursuant to Condition 10 (*Events of Default and Enforcement*). Following the service of a Notice of Default the Covered Bonds of each Series shall become immediately due and payable.

Principal Amount Outstanding means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day provided that the Principal Amount Outstanding in respect of a Covered Bond that has been purchased and cancelled by the Issuer or any Subsidiary of the Issuer shall be zero.

Subsidiary means, with respect to any person, any corporation or other business entity of which such person owns or controls (either directly or through another subsidiary or other subsidiaries) 50 per cent. or more of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such corporation or other business entity (other than capital stock or other ownership interest of any other classes which have voting power on the occurrence of any contingency).

The applicable Final Terms may also provide that the Issuer's obligations under the relevant Covered Bonds to pay the Principal Amount Outstanding on the relevant Final Maturity Date may be deferred past the Final Maturity Date until the extended final maturity date (as specified in the Final Terms) (such date the **Extended Final Maturity Date**). In such case, such deferral will occur automatically if the Issuer fails to pay any amount representing the amount due on the Final Maturity Date as set out in the Final Terms (the **Final Redemption Amount**) in respect of the relevant Series of Covered Bonds on their Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Interest will continue to accrue and be payable on any unpaid amounts on each Interest Payment Date up to the Extended Final Maturity Date in accordance with Condition 5 (*Interest*) and the Issuer (or the Servicer on its behalf) will make payments on each relevant Interest Payment Date and Extended Final Maturity Date.

Following service of a Notice of Default, any amount outstanding shall bear interest in accordance with Condition 7.8 (*Redemption and Purchase -*

Late Payment).

Ratings	Each Series issued under the Programme may be assigned a rating by the Rating Agencies.
Approval, listing and admission to trading	<p>Application has been made to the Commission de Surveillance du Secteur Financier in Luxembourg (the CSSF) to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme after the date hereof to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.</p> <p>Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on a regulated market for the purposes of the Markets in Financial Instruments Directive, as may be agreed between the Issuer, the Trustee and the relevant Dealer(s) in relation to each issue. The Final Terms relating to each Tranche of the Covered Bonds will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which regulated markets.</p>
Clearing Systems	Euroclear Bank S.A./N.V. (Euroclear), and/or Clearstream Banking, <i>société anonyme</i> (Clearstream, Luxembourg) in relation to any Series of Covered Bonds or any other clearing system as may be specified in the applicable Final Terms.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the European Economic Area (including the United Kingdom, the Hellenic Republic and Luxembourg) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds.
Greek Covered Bond Legislation	The Covered Bonds will be issued pursuant to the Greek Covered Bond Legislation.
Governing law	<p>The Servicing and Cash Management Deed, the Trust Deed, the Deed of Charge, the Agency Agreement, the Bank Account Agreement, the Programme Agreement, each Subscription Agreement and each Hedging Agreement will be governed by, and construed in accordance with, English law. The Asset Monitor Agreement will be governed by, and construed in accordance with, Greek law.</p> <p>The Covered Bonds will be governed by and construed in accordance with English law, save that the Statutory Pledge referred to in Condition 3 (<i>Status of the Covered Bonds</i>), will be governed by and construed in accordance with Greek law.</p>

CREATION AND ADMINISTRATION OF THE COVER POOL

The Cover Pool	<p>Pursuant to the Greek Covered Bond Legislation, the Issuer will be entitled to create the Statutory Pledge over:</p> <p>(a) certain eligible assets set out in paragraph 8(b) of Section B of the Bank of Greece Act No 2588/20-8-2007 “Calculation of Capital Requirements for Credit Risk according to the Standardised</p>
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Approach”, as amended by the Act of the Executive Committee of the Bank of Greece No 7/10-1-2013, including, but not limited to, claims deriving from loans and credit facilities of any nature comprising the aggregate of all principal sums, interest, costs, charges, expenses, additional loan advances and other moneys but excluding any third party expenses due or owing with respect to such loan and/or credit facilities provided that such loans and credit facilities are secured by, *inter alia*, residential real estate (the **Loans**) together with any mortgages, mortgage pre-notations, guarantees or indemnity payments which may be granted or due, as the case may be, in connection therewith (the **Related Security**, and together with the Loans the **Loan Assets**); including, in case of any Subsidised Loans, any Subsidised Interest Amount due and owing with respect to such Subsidised Loan) and including the amounts received from Borrowers which represent the cost to the Issuer of the levy of Greek Law 128/1975 (**Levy**) in respect of such Loans;

- (b) derivative financial instruments including but not limited to the Hedging Agreements satisfying the requirements of paragraph I.2(b) of the Secondary Covered Bond Legislation;
- (c) deposits with credit institutions (including any cash flows deriving therefrom) provided that such deposits comply with paragraph 8(b)(iv) of Section B of the Bank of Greece Act No. 2588/20-8-2007 (including the Transaction Account but excluding, for the avoidance of doubt, the Collection Accounts which will not be included in the Cover Pool);
- (d) Marketable Assets; and
- (e) Authorised Investments,

(each a **Cover Pool Asset** and collectively the **Cover Pool** or the **Cover Pool Assets**).

By virtue of the Registration Statement(s) filed with the Athens Pledge Registry on or prior to the Issue Date for the first Series of Covered Bonds, the Issuer shall segregate the Cover Pool in connection with the issuance of Covered Bonds for the satisfaction of the rights of the Covered Bondholders and the other Secured Creditors.

OEK means the Greek Workers Housing Association and, as of February 2012, the Greek Manpower Employment Organisation (**OAED**) as a universal successor thereof and any reference to OEK shall include reference to OAED as appropriate.

OEK Framework Agreement means the bilateral agreements pursuant to which the OEK pays subsidies to the Issuer in respect of the OEK Subsidised Loans.

OEK Subsidised Loans means those Loans in respect of which the OEK makes payment of Subsidised Interest Amounts pursuant to the applicable laws and the OEK Framework Agreements pursuant to which the OEK pays subsidies to the Issuer in respect of such Loans.

State/OEK Subsidised Loans means those Loans which are both State Subsidised Loans and OEK Subsidised Loans.

State Subsidised Loans means those Loans in respect of which the Hellenic Republic makes payment of Subsidised Interest Amounts pursuant to all applicable laws.

Subsidised Loan means either the OEK Subsidised Loans, the State Subsidised Loans or the State/OEK Subsidised Loan or loans subsidised by any additional Greek State-owned entity.

Subsidised Interest Amounts means the interest subsidy amounts due and payable from the Greek State in respect of the State Subsidised Loans and/or from the OEK in respect of the OEK Subsidised Loans and/or from any other Greek State-owned entity in respect of any other Subsidised Loan (as the case may be).

CHANGES TO THE COVER POOL

Optional changes to the Cover Pool

The Issuer shall be entitled, subject to filing a Registration Statement so providing, to:

- (a) *Allocation of Further Assets*: allocate to the Cover Pool additional Cover Pool Assets for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests and/or maintaining the initial rating(s) assigned to the Covered Bonds provided that, with respect to the allocation of New Asset Types in the Cover Pool, the Rating Agencies have been notified in writing of such assignment; and
- (b) *Removal or substitution of Cover Pool Assets*: prior to the occurrence of an Issuer Event and provided that no breach of any Statutory Test would occur as a result of such removal or substitution (i) remove Cover Pool Assets from the Cover Pool or (ii) substitute existing Cover Pool Assets with new Cover Pool Assets, provided that for any substitution of New Asset Types, the Rating Agencies have been notified of such substitution.

Any further assets added to the Cover Pool at the option of the Issuer in accordance with the above shall form part of the Cover Pool (**Additional Cover Pool Assets**).

Upon any addition to the Cover Pool of any Additional Cover Pool Assets where the relevant transfer date is also an Issue Date or the Issuer ceases to have the Minimum Credit Ratings, the Issuer shall deliver a certificate, or as the case may be, procure the delivery of a certificate to the Trustee confirming that (i) such Additional Cover Pool Assets comply with the Eligibility Criteria and are subject to the Statutory Pledge and (ii) no Issuer Insolvency Event (as defined below) or a breach of any Statutory Test has occurred or, as a result of the addition of such Additional Cover Pool Assets to the Cover Pool, will occur.

New Asset Type means a new type of mortgage loan originated (or acquired) by the Issuer, which the Issuer intends to assign to the Cover Pool

as an Additional Cover Pool Asset, the terms and conditions of which are materially different (in the opinion of the Issuer acting reasonably) from any of the Cover Pool Assets in the Cover Pool. For the avoidance of doubt, a mortgage loan will not constitute a New Asset Type if it differs from any of the Cover Pool Assets in the Cover Pool solely due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate or any other interest rate or the benefit of any discounts, cash-backs and/or rate guarantees.

Issuer Insolvency Event means in relation to the Issuer:

- (a) an order is made or an effective resolution passed for the liquidation or winding up or dissolution of the Issuer, except for the purposes of a reconstruction, amalgamation or merger or following the transfer of all or substantially all of the assets of the relevant entity, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Covered Bondholders (of all Series taken together as a single Series) or which has been effected in compliance with the terms of Condition 18 (*Substitution of the Issuer*);
- (b) the Issuer stops or threatens to stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally;
- (c) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or over half of the assets of, the Issuer or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or (in the opinion of the Trustee) a substantial part of the assets of the Issuer and in any of the foregoing cases it or he shall not be discharged within 60 days;
- (d) the imposition on the Issuer by the Bank of Greece of resolution measures in accordance with article 139 of Law 4261/2014; or
- (e) a supervisor (*Epitropos*) of the Issuer is appointed in accordance with article 137 of Law 4261/2014 or the Issuer is placed in liquidation in accordance with article 145 of Law 4261/2014.

Minimum Credit Rating means a long-term and short-term IDR of at least BBB+ and F2 respectively by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies).

Upon the inclusion of CHF denominated Loan Assets in the Cover Pool, the Issuer (or the Servicer on behalf of the Issuer) will, subject to notification to the Rating Agencies, enter into an FX Rate Swap with an FX Rate Swap Provider or any appropriate Hedging Agreements (satisfying the requirements of paragraph I.2(b) of the Secondary Covered Bond Legislation) with a Hedging Counterparty that has the requisite ratings in order to hedge the currency risk in respect of amounts received by the

Issuer under the CHF Loan Assets and/or the amount payable by the Issuer on the Covered Bonds.

Disposal of the Loan Assets

Following the occurrence of an Issuer Event (but before an Event of Default or service of a Notice of Default), the Servicer, or any person appointed by the Servicer, acting in the name and on behalf of the Issuer, or the Trustee, as the case may be, will be obliged to sell in whole or in part the Loan Assets in accordance with the provisions of the Servicing and Cash Management Deed and pursuant to paragraph 9 of Article 152. The proceeds from any such sale will be credited to the Transaction Account and applied in accordance with the Pre-Event of Default Priority of Payments.

In certain circumstances the Issuer shall have the right to prevent the sale of Loan Assets to third parties by removing the Loan Assets made subject to sale from the Cover Pool and transferring to the Transaction Account, an amount equal to the price set forth in such offer letter, subject to the provision of a solvency certificate.

Following the occurrence of an Event of Default and/or the service of a Notice of Default, the Trustee shall be entitled to direct the Servicer to dispose of the Cover Pool.

Undertakings of the Servicer in respect of the Cover Pool

Pursuant to the Transaction Documents, the Issuer and the Servicer (if the Servicer is Piraeus Bank) undertake to manage the Cover Pool in the interest of the Covered Bondholders and the other Secured Creditors and undertake to take in a timely manner any actions required in order to ensure that the servicing of the Loan Assets is conducted in accordance with the collection policy and recovery procedure applicable to the Issuer and the Servicer (if the Servicer is Piraeus Bank).

Representations and Warranties of the Issuer

Under the Servicing and Cash Management Deed, the Issuer has made and will make certain representations and warranties regarding itself and the Loan Assets including, *inter alia*:

- (i) its status, capacity and authority to enter into the Transaction Documents and assume the obligations expressed to be assumed by it therein;
- (ii) the legality, validity, binding nature and enforceability of the obligations assumed by it;
- (iii) the absence of any lien attaching to the Loan Assets;
- (iv) its absolute, legal and beneficial title to the Loan Assets; and
- (v) the validity and enforceability against the relevant Borrowers of the Loan Assets.

Eligibility Criteria

Each Loan Asset to be included in the Cover Pool shall comply with the following criteria (the **Eligibility Criteria**):

- (i) It is an existing Loan, denominated in euro or Swiss francs and is owed by Borrowers who are individuals.

- (ii) It is governed by Greek law and the terms and conditions of such Loan do not provide for the jurisdiction of any court outside Greece.
- (iii) Each Loan is fully drawn down and the Issuer is not obliged to advance any further amounts to the relevant Borrower.
- (iv) It is secured by a valid and enforceable first ranking mortgage and/or mortgage pre-notation over property located in Greece that may be used for residential purposes.
- (v) Notwithstanding (iv) above, if the mortgage and/or mortgage pre-notation is of lower ranking, the loans that rank higher have also been originated by the Issuer (or, as applicable, are loans the legal and beneficial title to which is held by the Issuer) and are included in the Cover Pool.
- (vi) In respect of any Loan, there are no other loans secured by mortgages and/or pre-notations ranking *pari passu* with the mortgage and/or pre-notation securing such Loan.
- (vii) Notwithstanding (vi) above, if there are other loans secured by mortgages and/or pre-notations ranking *pari passu* with the Mortgage and/or Pre-notation securing such Loan, such loans have also been originated by the Issuer (or, as applicable, are loans the legal and beneficial title to which is held by the Issuer) and are included in the Cover Pool.
- (viii) Only completed properties secure the Loan.
- (ix) (A) In the case of Loans originated by the Issuer, all lending criteria and preconditions applied by the Issuer's credit policy and customary lending procedures have been satisfied with regards to the granting of such Loan and (B) in the case of Loans acquired by the Issuer, each Loan has been administered by the Issuer from the date of acquisition according to a level of skill, care and diligence of a reasonable, prudent mortgage lender.
- (x) The purpose of such Loan is either to buy, construct or renovate a property or refinance a loan granted by another bank for one of these purposes.
- (xi) It is either a fixed or floating rate loan or a combination of both.

**Compliance with
Statutory Tests**

The Servicer shall verify as of each Calculation Date, as of each Issue Date and, following an Issuer Event, as of each Monthly Calculation Date that the Cover Pool satisfies the Nominal Value Test, the Net Present Value Test and the Interest Cover Test (collectively, the **Statutory Tests** and each a **Statutory Test**).

Calculation Date means the Athens Business Day which falls five Athens Business Days prior to each Programme Payment Date.

Monthly Calculation Date means, following an Issuer Event, any Calculation Date and the 13th day of February, March, May, June, August, September, November and December and, if any such day is not an Athens

Business Day, the first Athens Business Day thereafter.

Statutory Tests

Pursuant to the Greek Covered Bond Legislation, the Cover Pool is subject to the Statutory Tests as set out in the Secondary Covered Bond Legislation. Failure of the Issuer to cure a breach of any one of the Statutory Tests within five Athens Business Days will result in the Issuer not being able to issue further Covered Bonds. The Statutory Tests will include the following:

- (a) *The Nominal Value Test:* The Issuer must ensure that on each Calculation Date, Issue Date or, following an Issuer Event, Monthly Calculation Date, the Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than 95 per cent. (or such other percentage determined in accordance with the Servicing and Cash Management Deed (the **Asset Percentage**)) of the nominal value of the Cover Pool (excluding for these purposes any amounts received from Borrowers which represent the cost to the Issuer of Levy in respect of such Loans) as determined in accordance with the Servicing and Cash Management Deed. In order to assess compliance with this test, all of the assets comprising the Cover Pool (other than the Hedging Agreements) shall be evaluated at their nominal value plus accrued interest in accordance with the Servicing and Cash Management Deed. In relation to the issue of the first series of Covered Bonds, the Nominal Value Test will be calculated on the basis of an Asset Percentage of 89.4 per cent.

For the purposes of calculating the nominal value of the Cover Pool, the value of any foreign assets comprised in the Cover Pool shall be converted into euro on the basis of the exchange rate published by the European Central Bank (**ECB**) on the last Collection Period End Date or the last calendar day of the immediately preceding calendar month (as applicable) in accordance with the Servicing and Cash Management Deed.

Marketable Assets (**Marketable Assets**), as defined in the Act of the Monetary Policy Council of the Bank of Greece 54/27-2-2004 as in force and which comply with the requirements for Eligible Investments, are allowed to be included in the Cover Pool in substitution of or as supplements to the existing Cover Pool Assets and will be included in assessing compliance with the Nominal Value Test, provided that such assets in the Cover Pool do not exceed the difference in value between the Principal Amounts Outstanding of Covered Bonds then outstanding plus accrued interest and the nominal value of the Cover Pool (calculated without taking into account the Marketable Assets) plus accrued interest.

Eligible Investments means any Marketable Assets that are denominated in Euro, provided that, in all cases:

- (a) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the next Programme Payment Date;
- (b) such investments provide a fixed principal amount at

maturity (such amount not being lower than the initially invested amount); and

- (c) (A) each of the debt securities or other debt instruments and the issuing entity or (in the case of debt securities or other debt instruments which are fully and unconditionally guaranteed on an unsubordinated basis) the guaranteeing entity are rated at least:
 - (1) AA- and F1+ by Fitch with regards to investments having a maturity of up to 365 days where the investments carry both a short-term and long-term rating; or
 - (2) F1+ by Fitch with regard to investments having a maturity of up to 365 days where the investment carries only a short-term rating; or
 - (3) equal to the current rating given by Fitch to the then outstanding Covered Bonds:
 - (i) with regard to investments having a maturity of greater than 365 days; and
 - (ii) in cases where the current rating given by Fitch to the lowest rated Series of the then outstanding Covered Bonds is lower than AA-,

or such other ratings which are consistent with the published criteria of the Rating Agencies; or

- (B) debt securities or other debt instruments issued by money market funds and variable net asset value funds, the highest money market fund rating from either Fitch or at least two other global rating agencies.

- (b) *The Net Present Value Test:* The Issuer must ensure that on each Calculation Date, each Issue Date or, following an Issuer Event, each Monthly Calculation Date, the net present value of liabilities under the Covered Bonds is less than or equal to the net present value of the Cover Pool (excluding for these purposes any amounts received from Borrowers which represent the cost to the Issuer of Levy in respect of such Loans) including the Hedging Agreements (if included in the Cover Pool, at the discretion of the Issuer) and the amounts standing to the credit of the Transaction Account (other than the amounts standing to the credit of the Commingling Reserve Ledger) as determined in accordance with the Servicing and Cash Management Deed.

The Net Present Value Test must also be satisfied under the assumption of parallel shifts of the yield curve by 200 basis points.

In addition, for the purposes of the Net Present Value Test, the Issuer must ensure that the net present value of the Hedging Agreements and the amounts standing to the credit of the

Transaction Account (other than the amounts standing to the credit of the Commingling Reserve Ledger) are in aggregate less than or equal to 15 per cent. of the nominal value (being principal) of the Covered Bonds plus accrued interest thereon (calculated in accordance with the Servicing and Cash Management Deed).

For the purposes of calculating the net present value of the Cover Pool, all amounts denominated in a currency other than euro shall be converted into euro on the basis of the exchange rate published by the ECB on the last Collection Period End Date or the last calendar day of the immediately preceding calendar month (as applicable) in accordance with the Servicing and Cash Management Deed.

- (c) *The Interest Cover Test:* The Issuer must ensure that on each Calculation Date, each Issue Date or, following an Issuer Event, each Monthly Calculation Date, the amount of interest due on all Series of Covered Bonds together with senior amounts that rank in priority or *pari passu* with the amounts due on the Covered Bonds in accordance with the Pre Event of Default Priority of Payments do not exceed the amount of interest expected to be received in respect of the assets comprised in the Cover Pool (including (i) any Marketable Assets which are to be included pursuant to paragraph I.6 of the Secondary Covered Bond Legislation and (ii) any Hedging Agreements, but excluding any amounts from Borrowers which represent the cost to the Issuer of Levy in respect of such Loans) in each case during the period of twelve months from such Calculation Date or, as applicable, such Issue Date or Monthly Calculation Date.

For the purposes of calculating the Nominal Value Test, the Net Present Value Test and the Interest Cover Test set out above, each Loan will be deemed to have an outstanding principal balance of and bear interest on an amount equal to the lower of:

- (a) the euro equivalent of the actual outstanding principal balance of the relevant Loan in the Cover Pool as calculated in accordance with the provisions of the Servicing and Cash Management Deed; and
- (b) the euro equivalent of the latest of either the physical valuation or the Prop Index Valuation relating to that Loan multiplied by 0.80, less the outstanding principal balance of any higher ranking Loan if such Loan is a second or lower ranking Loan, provided that such Loan can never be given a value of less than zero; and
- (c) if the relevant Loan is in arrear of more than 90 days, zero,

and each Loan shall be deemed to bear interest on the lower of the amounts calculated in (a), (b) and (c) above.

Prop Index Valuation means the index of movements in house prices issued by Prop Index SA in relation to residential properties in Greece.

In addition, in calculating such tests, all Loans that do not comply with the

representations and warranties during the immediately preceding calculation period, shall be given a zero value.

All calculations made in order to verify the compliance of the Statutory Tests in relation to the issue of a new Series or Tranche of Covered Bonds will be carried out by the Servicer on the relevant Issue Date in accordance with the Servicing and Cash Management Deed.

Breach of Statutory Tests

If, on any Calculation Date, Issue Date or, following an Issuer Event, Monthly Calculation Date, any one or more of the Statutory Tests being tested on such date is or are not satisfied, the Issuer must take action to cure any breach(es) of the relevant Statutory Tests within five Athens Business Days, failing which an Issuer Event will occur.

The Issuer or (where Piraeus Bank is not the Servicer) the Servicer, as the case may be, will immediately notify the Trustee of any breach of any of the Statutory Tests.

In the event that the Issuer breaches any Statutory Test, the Issuer will not be permitted to issue any further Covered Bonds until such time as such Statutory Test breach has been cured.

Amortisation Test

In addition to the Statutory Tests and pursuant to the Servicing and Cash Management Deed, after the occurrence of an Issuer Event and so long as an Event of Default has not occurred, the Cover Pool will be subject to an amortisation test (the **Amortisation Test**). The Amortisation Test is intended to ensure that the Cover Pool Assets are sufficient to meet the obligations under all Covered Bonds outstanding together with senior expenses that rank in priority or *pari passu* with amounts due on the Covered Bonds.

The Statutory Tests and Amortisation Test will be tested by the Servicer or Replacement Servicer (as the case may be) on each Monthly Calculation Date following the occurrence of an Issuer Event. A breach of the Amortisation Test will constitute an Event of Default, which following the receipt of notice of such breach from the Servicer, will require the Trustee to serve a Notice of Default declaring the Covered Bonds immediately due and repayable and the Trustee may enforce the Security over the Charged Property.

Security means the Security Interest granted by the Issuer to the Trustee under and pursuant to the terms of the Deed of Charge and created pursuant to the Statutory Pledge.

The Servicer will immediately notify the Trustee of any breach of the Amortisation Test and the occurrence of an Event of Default.

Amendment to definitions

The Servicing and Cash Management Deed will provide that the definitions of Eligibility Criteria, Cover Pool, Cover Pool Asset, Statutory Test and Amortisation Test may be amended by the Issuer (without the consent of the Trustee) from time to time, subject to the Greek Covered Bond Legislation as a consequence of, *inter alia*, including in the Cover Pool any Additional Cover Pool Assets which are New Asset Types and/or changes to the hedging policies or servicing and collection procedures of Piraeus Bank provided that the Rating Agencies have been notified in

writing of such amendment.

The Servicing and Cash Management Deed shall set forth the conditions for any such amendment to be effected.

Issuer Events

Prior to, or concurrent with the occurrence of an Event of Default, if any of the following events (each, an **Issuer Event**) occurs:

- (a) an Issuer Insolvency Event (as defined below); or
- (b) the Issuer fails to pay any amount of principal (other than that due on the Final Maturity Date or the Extended Final Maturity Date, as applicable) or interest in respect of the Covered Bonds on the due date for payment thereof and such failure continues for a period of seven Athens Business Days; or
- (c) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding on it (other than any obligation for the payment of amounts due under the Covered Bonds or Coupons of any Series) under the Trust Deed, the Deed of Charge or any other Transaction Document to which the Issuer is a party which, in the opinion of the Trustee, would have a materially prejudicial effect on the interests of the Covered Bondholders of any Series, and (except where such default is or the effects of such default are, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required) such default continues for 30 days (or such longer period as the Trustee may permit) after written notice has been given by the Trustee to the Issuer requiring the default to be remedied; or
- (d) any present or future indebtedness in respect of moneys borrowed or raised in an amount of €25,000,000 (or its equivalent in any other currency or currencies) or more (other than indebtedness under this Programme) of the Issuer becomes due and payable prior to the stated maturity thereof as extended by any grace period originally applicable thereto; or if any present or future guarantee of, or indemnity given by the Issuer in respect of, such indebtedness is not honoured when called upon or within any grace period originally applicable thereto; or
- (e) if there is a breach of a Statutory Test on a Calculation Date, Issue Date or Monthly Calculation Date and such breach is not remedied within five Athens Business Days; or
- (f) if it is or will (in the opinion of the Trustee, having taken legal advice from a reputable firm of lawyers or a reputable legal expert) become unlawful or illegal for the Issuer to comply with any of its obligations under or in respect of the Covered Bonds or any of the Transaction Documents where such unlawfulness or illegality is not, or cannot be, remedied within 30 days after written notice has been given by the Trustee to the Issuer requiring the same to be remedied,

then (for so long as such Issuer Event is continuing) (i) no further Covered Bonds will be issued, (ii) the Servicer will procure that any and all payments due from Borrowers under the Cover Pool Assets are paid

henceforth directly to the Transaction Account or the Third Party Collection Account, as applicable, in accordance with the Servicing and Cash Management Deed, (iii) all collections of principal and interest on the Cover Pool Assets will be dedicated exclusively to the payment of interest and repayment of principal on the Covered Bonds and to the fulfilment of the obligations of the Issuer *vis-à-vis* the Secured Creditors in accordance with the Pre-Event of Default Priority of Payments, (iv) if Piraeus Bank is the Servicer, its appointment as Servicer will be terminated and a Replacement Servicer will be appointed pursuant to the terms of the Servicing and Cash Management Deed and the Greek Covered Bond Legislation, and (v) the Servicer, or, as applicable, the Replacement Servicer, appointed pursuant to the Servicing and Cash Management Deed and the Greek Covered Bond Legislation will be obliged to sell in whole or in part the Loan Assets in accordance with the provisions of the Servicing and Cash Management Deed.

Authorised Investments

Pursuant to the Servicing and Cash Management Deed, the Servicer is entitled to draw sums from time to time standing to the credit of the Transaction Account for effecting Authorised Investments.

In accordance with the terms of the Servicing and Cash Management Deed, prior to an Issuer Event, the Servicer may, in its discretion, invest sums in Authorised Investments.

Authorised Investments means each of:

- (a) Euro-denominated demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that, in all cases, such investments:
 - (A) are rated at least:
 - (1) AA- and F1+ by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies) and the short-term and long-term ratings of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least AA- and F1+ by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies from time to time);
 - (2) equal to the current rating given by Fitch to the then outstanding Covered Bonds in cases where the current rating given by Fitch to the lowest rated Series of the then outstanding Covered Bonds is lower than AA-; and
 - (B) have a remaining period to maturity of 30 days or less and mature on or before the next following Programme Payment Date; and
- (b) Euro-denominated government and public securities or money market funds, provided that such investments:

- (A) are rated at least:
 - (1) AA- and F1+ by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies from time to time);
 - (2) equal to the current rating given by Fitch to the then outstanding Covered Bonds in cases where the current rating given by Fitch to the lowest rated Series of the then outstanding Covered Bonds is lower than AA-; and
- (B) have a remaining period to maturity of 30 days or less and mature on or before the next following Programme Payment Date;

Servicing and collection procedures

The Servicer will be responsible for the servicing of the Cover Pool, including, *inter alia*, for the following activities:

- (a) collection and recovery in respect of each Cover Pool Asset;
- (b) administration and management of the Cover Pool;
- (c) management of any judicial or extra judicial proceeding connected to the Cover Pool;
- (d) keeping accounting records of the amounts due and collected under the Loan Assets and any Hedging Agreements;
- (e) preparation of quarterly reports (to be submitted to the Trustee, the Asset Monitor and the Rating Agencies) on the amounts due by debtors, and on the collections and recoveries made in respect of the Loan Assets and any Hedging Agreements; and
- (f) carrying out the reconciliation of the amounts due and the amounts effectively paid by the debtors under the Loans on the relevant Programme Payment Date.

ACCOUNTS AND CASH FLOW STRUCTURE:

Payments on the Covered Bonds

Prior to the occurrence of a Segregation Event and an Issuer Event, on each Interest Payment Date, the Issuer will apply any funds available to it (including but not limited to, funds arising in relation to the assets comprised in the Cover Pool) to pay amounts due and payable on the Covered Bonds.

Following the occurrence of a Segregation Event but prior to the occurrence of an Issuer Event, the Servicer will apply the amounts standing to the credit of the Transaction Account and the amounts standing to the credit of the Collection Accounts to pay or make provision for the payment of all Senior Amounts. Any Excess Amount will remain available to the Issuer to use at its discretion.

After the occurrence of an Issuer Event but prior to service of a Notice of Default, on each Programme Payment Date, the Servicer will apply the Covered Bonds Available Funds in accordance with the Pre-Event of Default Priority of Payments.

**Segregation Event
and Collection
Accounts**

After the service of a Notice of Default, all funds deriving from the Cover Pool Assets, the Transaction Documents and standing to the credit of the Transaction Account shall be applied on any Athens Business Day in accordance with the Post-Event of Default Priority of Payments.

Prior to the occurrence of an Issuer Event, Piraeus Bank will deposit on a daily basis within one Athens Business Day of receipt, all collections of interest and principal it receives on the Cover Pool Assets (including any Subsidy Payments) and all moneys received from Marketable Assets and Authorised Investments, if any, included in the Cover Pool (other than moneys received from Marketable Assets and Authorised Investments purchased from amounts standing to the credit of the Transaction Account, which will be credited to the Transaction Account) into, in respect of amounts denominated in euro, the segregated euro-denominated account maintained at Piraeus Bank (the **EUR Collection Account**) and, in respect of amounts denominated in Swiss francs, a segregated Swiss franc-denominated account maintained at Piraeus Bank (the **CHF Collection Account**) and, together with the EUR Collection Account, the **Collection Accounts** and each a **Collection Account**. Piraeus Bank will not commingle any of its own funds and general assets with amounts standing to the credit of the Collection Accounts. For the avoidance of doubt, any cash amounts standing to the credit of the Collection Accounts shall not comprise part of the Cover Pool for purposes of the Statutory Tests.

Prior to the occurrence of an Issuer Event, the Servicer shall procure that all Subsidy Payments received from the OEK and/or the Greek State or any other Greek State-owned entity in respect of the Subsidised Loans will be deducted from the applicable Subsidy Bank Account and paid into the EUR Collection Account within one Athens Business Day of receipt.

All amounts deposited in, and standing to the credit of, the Collection Accounts shall constitute segregated property distinct from all other property of Piraeus Bank pursuant to paragraph 9 of Article 152 and by virtue of an analogous application of paragraphs 14 through 16 of Article 10 of Greek Law 3156/2003, and such amounts received from the Loan Assets are also subject to the Statutory Pledge.

Prior to a reduction in the long-term or short-term IDR of Piraeus Bank to or below the relevant Minimum Credit Rating (such occurrence, a **Segregation Event**), Piraeus Bank will be entitled to draw sums from time to time standing to the credit of the Collection Accounts in addition to any funds available to it for any purpose including to make payments on the Covered Bonds.

Following the occurrence of a Segregation Event but prior to the occurrence of an Issuer Event:

- (i) all amounts deposited shall remain in the Collection Accounts for the benefit of the holders of the Covered Bonds and the other Secured Creditors (subject to paragraphs (ii) and (iii) below);
- (ii) Piraeus Bank shall no longer be entitled to withdraw moneys from the Collection Accounts other than for the purpose of:
 - (a) transferring funds to the Transaction Account; or

- (b) making payment (or provision for the payment) of Senior Amounts;
- (iii) any amount standing to the credit of the Collection Accounts on any Programme Payment Date after payment (or provision has been made for the payment) of all Senior Amounts then due or falling due prior to the next Programme Payment Date in accordance with the Servicing and Cash Management Deed (the **Excess Amount**) shall be available to Piraeus Bank.

If Piraeus Bank's rating(s) are reinstated above the level at which a Segregation Event occurs and so long as no Issuer Event has occurred and is continuing, then Piraeus Bank will be entitled to draw sums standing to the credit of the Collection Accounts in addition to any funds available to it for any purpose including to make payments on the Covered Bonds.

Senior Amounts means, on any day, (i) all amounts then due for payment on the Covered Bonds, (ii) all other payments then due which rank senior to or *pari passu* with the payments on the Covered Bonds (by reference to paragraphs (a) to (f) of the Pre-Event of Default Priority of Payments) and (iii) any sums required to be transferred to the Commingling Reserve Ledger during the relevant Programme Payment Period.

Subsidy Bank Account means the OEK Savings Account, the Piraeus Bank of Greece Account and any other bank accounts in the name of the OEK, the Greek State or any other Greek State-owned entity maintained in respect of the Subsidised Loans with either the Bank of Greece, Piraeus Bank, the Replacement Servicer, or if the Replacement Servicer is not a Credit Institution, with the Credit Institution appointed by such Replacement Servicer in accordance with Servicing and Cash Management Deed, as applicable.

Subsidy Payments means the aggregate of all amounts actually received from the OEK, the Greek State and any other Greek State-owned entity representing the Subsidised Interest Amounts in respect of the Subsidised Loans comprised in the Cover Pool.

Piraeus Bank of Greece Account means the bank account maintained by the Issuer with the Bank of Greece in respect of State Subsidised Loans.

Transaction Account

A Euro-denominated account has been established in the name of the Issuer with the Account Bank (the **Transaction Account**).

Prior to the occurrence of a Segregation Event or an Issuer Event, Piraeus Bank will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Account, if any, that are in excess of the sum of (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Commingling Reserve Required Amount.

Following the occurrence of a Segregation Event but prior to the occurrence of an Issuer Event, Piraeus Bank shall no longer be entitled to withdraw moneys from the Transaction Account other than for purposes of making payment of all Senior Amounts falling due during the next Programme Payment Period.

If Piraeus Bank's rating(s) are reinstated above the level at which a Segregation Event occurs, and so long as no Issuer Event has occurred,

then Piraeus Bank will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Account, if any, that are in excess of the sum of (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Commingling Reserve Required Amount.

Following the occurrence of an Issuer Event (as defined above), the Servicer shall (i) procure that within two Athens Business Days after the occurrence of such Issuer Event, all collections of principal and interest on deposit in the Collection Accounts (or the Third Party Collection Account (as defined below)) be transferred to the Transaction Account and (ii) provide notification to all Borrowers that any and all future payments due under the Cover Pool Assets are henceforth to be effected directly to a bank account opened in the name of the Issuer with the Replacement Servicer, a Greek credit institution or a Greek branch of a foreign credit institution whose long-term and short-term IDR are at least A and F1 by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies) (the **Third Party Collection Account**). All amounts deposited in and standing to the credit of the Third Party Collection Account are subject to the Statutory Pledge. The Replacement Servicer shall procure that all amounts deposited into the Third Party Collection Account shall be transferred to the Transaction Account within two Athens Business Days of receipt.

Following an Issuer Event, the Transaction Account will be used for the crediting of, *inter alia*, moneys received in respect of the Cover Pool Assets included in the Cover Pool or to effect a payment in respect of the Covered Bonds including the following amounts:

- (a) any amounts received by the Issuer in respect of the Loan Assets and the Marketable Assets;
- (b) any Subsidy Payments received from the OEK and/or the Greek State and/or any other Greek State-owned entity;
- (c) any amounts credited by the Issuer for effecting payments on the Covered Bonds;
- (d) any amounts deposited by the Issuer when effecting optional substitution of Cover Pool Assets (including any amount deposited by the Issuer to prevent a sale of the Loan Assets to a third party);
- (e) any amounts transferred by the Servicer in connection with the sale of Cover Pool Assets;
- (f) any amounts paid to the Issuer by the Hedging Counterparties under the Hedging Agreements; and
- (g) any amounts deriving from maturity or liquidation of Authorised Investments carried out by the Servicer in accordance with the terms of the Servicing and Cash Management Deed.

The Issuer (or the Servicer on its behalf) will maintain records in relation to the Transaction Account in accordance with the Transaction Documents.

Following the occurrence of an Issuer Event, the Issuer shall transfer any amounts it receives in respect of any Cover Pool Assets to the Transaction Account within two Athens Business Days of receipt.

Following an Issuer Event, the Servicer and the Issuer (to the extent that Piraeus Bank is no longer the Servicer) shall procure that all payments in respect of the Cover Pool Assets are directed into the Third Party Collection Account and that all such amounts are transferred into the Transaction Account within two Athens Business Days of receipt.

The Transaction Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Commingling Reserve Ledger means the ledger on the Transaction Account of such name maintained by the Servicer pursuant to the Servicing and Cash Management Deed.

Commingling Withdrawal Amount means on each Programme Payment Date following an Issuer Event, a drawing from the Commingling Reserve Ledger to be applied as Covered Bonds Available Funds in accordance with the Pre-Event of Default Priority of Payments, if and to the extent that the Servicer has during the immediately preceding Programme Payment Period failed to transfer to the Issuer any collections received by the Servicer during or with respect to such Programme Payment Period and such amounts represent amounts other than principal or, as applicable, principal paid by the Borrowers.

**Covered Bonds
Available Funds**

Following the occurrence of an Issuer Event, payments on the Covered Bonds will be made from the Covered Bonds Available Funds in accordance with the relevant Priority of Payments.

Covered Bonds Available Funds means, in respect of any Programme Payment Date, at any time upon or after the occurrence of an Issuer Event, the aggregate of:

- (a) all amounts standing to the credit of the Transaction Account at the immediately preceding Calculation Date;
- (b) all amounts (if any) paid or to be paid on or prior to such Programme Payment Date by the Hedging Counterparties into the Transaction Account pursuant to any Hedging Agreement(s);
- (c) all amounts of interest paid on the Transaction Account during the Programme Payment Period immediately preceding such Programme Payment Date;
- (d) the Commingling Withdrawal Amount; and
- (e) all amounts deriving from repayment at maturity of any Authorised Investment on or prior to such Programme Payment Date.

For the avoidance of doubt:

- (i) should there be any duplication in the amounts included in the different items of the Covered Bonds Available Funds above, the

Servicer shall avoid such duplication when calculating the Covered Bonds Available Funds; and

- (ii) the Covered Bonds Available Funds will not include (A) any early termination amount received by the Issuer under a Hedging Agreement, but only to the extent that such amount is to be applied in acquiring a replacement Hedging Agreement; (B) any Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Hedging Agreement, to reduce the amount that would otherwise be payable by the Hedging Counterparty to the Issuer on early termination of the Hedging Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Hedging Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap (the **Swap Collateral Excluded Amounts**); (C) any premium received by the Issuer from a replacement Hedging Counterparty in respect of a replacement Hedging Agreement, to the extent it is to be used to make any termination payment due and payable by the Issuer with respect to the previous Hedging Agreement; and (D) any tax credits received by the Issuer in respect of an Hedging Agreement used to reimburse the relevant Hedging Counterparty for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Hedging Agreement.

Programme Payment Period means the period from (and including) a Programme Payment Date (or, in the case of the first Programme Payment Period, the Programme Closing Date) to (but excluding) the next Programme Payment Date.

Excess Swap Collateral means, in respect of a Hedging Agreement, an amount (which will be transferred directly to the Hedging Counterparty in accordance with the Hedging Agreement) equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the Hedging Counterparty to the Issuer pursuant to the Hedging Agreement exceeds the Hedging Counterparty's liability under the Hedging Agreement (such liability determined as if no collateral had been provided) as at the date of termination of the Hedging Agreement or which it is otherwise entitled to have returned to it under the terms of the Hedging Agreement.

Swap Collateral means, at any time, any asset (including, without limitation, cash and/or securities) other than Excess Swap Collateral, which is paid or transferred by a Hedging Counterparty to the Issuer as collateral in respect of the performance by such Hedging Counterparty of its obligations under the relevant Hedging Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed.

Event of Default

If one of the following events occurs and is continuing (an **Event of Default**):

- (a) on the Final Maturity Date or Extended Final Maturity Date, as applicable, in respect of any Series of Covered Bonds or on any Interest Payment Date or any earlier date for redemption on which principal thereof is due and repayable, there is a failure to pay any amount of principal due on such Covered Bonds on such date and such default is not remedied within a period of seven Athens Business Days from the due date thereof;
- (b) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series of Covered Bonds occurs and such default is not remedied within a period of 14 Athens Business Days from the due date thereof; or
- (c) breach of the Amortisation Test pursuant to Clause 8 (*Amortisation Test*) of the Servicing and Cash Management Deed on any Monthly Calculation Date following an Issuer Event,

then the Trustee shall, upon receiving notice in writing from the Principal Paying Agent or any Covered Bondholder, or in respect of (c), the Servicer, of such Event of Default, serve a notice (a **Notice of Default**) on the Issuer.

Following the service of a Notice of Default, the Covered Bonds of each Series shall become immediately due and payable.

Following the occurrence of an Event of Default, the Trustee shall be entitled to direct the Servicer to dispose of the Cover Pool Assets.

**Priority of Payments
prior to the delivery
of a Notice of Default**

At any time upon or after the occurrence of any Issuer Event but prior to the delivery of a Notice of Default, the Servicer shall apply all Covered Bonds Available Funds on each Programme Payment Date in making the following payments and provisions in the following order of priority (the **Pre-Event of Default Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction of all amounts then due and payable or to become due and payable prior to the next Programme Payment Date to the Trustee or any Appointee (including, remuneration or amounts by way of indemnity payable to it) under the provisions of the Trust Deed or any other Transaction Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein;
- (b) *second, pari passu* and *pro rata* according to the respective amounts thereof to pay any additional fees, costs, expenses and taxes due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, properly incurred in respect of any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders;
- (c) *third, pari passu* and *pro rata* according to the respective amounts thereof, to pay all amounts due and payable on the Programme

Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, to the Account Bank and the Agents under the Bank Account Agreement and the Agency Agreement, respectively;

- (d) *fourth, pari passu and pro rata* according to the respective amounts thereof to pay (i) all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (and for which payment has not been provided for elsewhere in this Pre-Event of Default Priority of Payments), to any Secured Creditors other than the Covered Bondholders and Couponholders, the Agents, the Account Bank, the Trustee and any Appointee and other than any amount due to be paid, or that will become due and payable prior to the next Programme Payment Date, to the Hedging Counterparties under the Hedging Agreements and (ii) to the Servicer an amount equal to any amount representing the cost of Levy in respect of any Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy;
- (e) *fifth, pari passu and pro rata*, according to the respective amounts thereof (i) to pay all amounts of interest due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date on any Covered Bonds and Coupons and (ii) to pay any amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date under any Hedging Agreement other than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (f) *sixth, pari passu and pro rata*, according to the respective amounts thereof to pay all amounts of principal due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (if any), on any Covered Bonds;
- (g) *seventh*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Account, or, as applicable, be deposited in the Transaction Account;
- (h) *eighth*, if no Covered Bonds remain outstanding, to pay *pari passu and pro rata*, according to the respective amounts thereof, any amount due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date to any Hedging Counterparties which are Subordinated Termination Payments; and
- (i) *ninth*, if no Covered Bonds remain outstanding, to pay any excess

to the Issuer.

Subordinated Termination Payment means, subject as set out below, any termination payments due and payable to any Hedging Counterparty under a Hedging Agreement where such termination results from (a) an Additional Termination Event “*Ratings Event*” relating to the Hedging Counterparty as specified in the schedule to the relevant Hedging Agreement, (b) the bankruptcy of the relevant Hedging Counterparty, or (c) any default and/or failure to perform by such Hedging Counterparty under the relevant Hedging Agreement, other than, in the event of (a) or (c) above, the amount of any termination payment due and payable to such Hedging Counterparty in relation to the termination of such transaction to the extent of any premium received by the Issuer from a replacement hedging counterparty.

**Priority of
Payments following
the delivery of a
Notice of Default**

Following delivery of a Notice of Default, all funds deriving from the Cover Pool Assets or the Transaction Documents or which are standing to the credit of the Transaction Account shall be applied on any Athens Business Day in accordance with the following order of priority of payments (the **Post-Event of Default Priority of Payments** and, together with the Pre-Event of Default Priority of Payments, the **Priorities of Payments** and, each of them a **Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full) provided that any such amount has not already been paid by the Issuer using funds not forming part of the Cover Pool:

- (i) *first*, to pay any Indemnity to which the Trustee or any Appointee or any Receiver is entitled pursuant to the Trust Deed or any other Transaction Document and any costs and expenses incurred by or on behalf of the Trustee or any Appointee or any Receiver (a) following the occurrence of a Potential Event of Default or an Issuer Event or in connection with or as a result of serving on the Issuer a Notice of Default (to the extent that any such amounts have not yet been paid out of the Covered Bonds Available Funds before the delivery of a Notice of Default) and (b) following the delivery of a Notice of Default in connection with or as a result of the enforcement or realisation of (A) the security granted under the Statutory Pledge and the Deed of Charge and/or (B) any other right or remedy that the Trustee is entitled or required to pursue under or in connection with the Transaction Documents and/or the Covered Bonds for the purpose of protecting the interests of the Covered Bondholders and/or the other Secured Creditors;
- (ii) *second, pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay all amounts of interest and principal due and payable on any Covered Bonds, (b) to pay any additional fees, costs, expenses and taxes due and payable in connection with any listing or deposit of the Covered Bonds or to fund any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders, (c) to pay all amounts due and payable to the Secured Creditors, other than the Covered Bondholders and (d) to pay any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging

Agreements;

- (iii) *third*, to pay *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to any Hedging Counterparties which are Subordinated Termination Payments; and
- (iv) *fourth*, following the payment in full of all items under (i) to (iii) above, to pay all excess amounts (if any) to the Issuer.

Indemnity means any indemnity amounts due to the Trustee pursuant to the Trust Deed, the Deed of Charge or otherwise, including (without limitation) Clause 14 (*Remuneration and Indemnification of Trustee*) of the Trust Deed.

Servicing and Cash Management Deed

Under the terms of the Servicing and Cash Management Deed entered into on the Programme Closing Date between the Issuer, the Trustee and the Servicer (as amended, restated and/or supplemented from time to time, the **Servicing and Cash Management Deed**) and following the filing of the Servicing Notification Form with the Athens Pledge Registry, the Servicer has been authorised, subject to the conditions specified therein, to administer the cash flows arising from the Cover Pool.

The Servicing and Cash Management Deed sets forth the terms and conditions upon which the Servicer shall be required to administer the Cover Pool Assets.

Pursuant to the Servicing and Cash Management Deed, the Servicer has undertaken to prepare and deliver certain reports (including the Servicer Reports) in connection with the Loan Assets. Pursuant to the Servicing and Cash Management Deed, the Servicer will agree to perform certain obligations in connection with the management of the Cover Pool.

The Servicing and Cash Management Deed contains provisions under which the Issuer shall be obliged, upon the terms and subject to the conditions specified therein, to appoint an appropriate entity to perform the Servicing and Cash Management Services to be performed by the Servicer.

Servicing Notification Form means a form in respect of the Servicing and Cash Management Deed pursuant to paragraph 9 of Article 152 in conjunction with the terms of Article 10, paragraph 16 of Greek Law 3156/2003, in the form defined by the Greek Ministry of Justice (Ministerial Decision no. 161337 of 30 October, 2003).

Programme Closing Date means 8 February 2011.

Asset Monitor Agreement

Under the terms of the asset monitor agreement entered into on the Programme Closing Date between the Asset Monitor, the Servicer, the Issuer and the Trustee (as amended, restated and/or supplemented from time to time, the **Asset Monitor Agreement**), the Asset Monitor has agreed to carry out various testing and notification duties in relation to the calculations performed by the Servicer in relation to the Statutory Tests and, if required, the Amortisation Test.

Trust Deed

Under the terms of the Trust Deed entered into on the Programme Closing Date between the Issuer and the Trustee, the Trustee will be appointed to

act as the Covered Bondholders' representative in accordance with paragraph 2 of Article 152.

Deed of Charge

The Issuer shall assign its rights arising under the Hedging Agreements and any Transaction Document governed by English law to the Trustee (on trust for itself and on behalf of the Covered Bondholders and the other Secured Creditors) in accordance with a deed of charge (the **Deed of Charge**).

In addition, the Covered Bondholders and the other Secured Creditors have agreed that, upon the occurrence of an Issuer Event, all the Covered Bonds Available Funds will be applied in or towards satisfaction of all the Issuer's payment obligations towards the Covered Bondholders and the other Secured Creditors, in accordance with the terms of the Servicing and Cash Management Deed and the relevant Priority of Payments.

The Trustee has been authorised, in accordance with the Deed of Charge, subject to a Notice of Default being delivered to the Issuer following the occurrence of an Event of Default or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise, in the name and on behalf of the Issuer, all the Issuer's rights arising out of the Transaction Documents to which the Issuer is a party.

The Deed of Charge shall be governed by English law.

Agency Agreement

Under the terms of an agency agreement entered into on the Programme Closing Date between the Issuer, the Agents and the Trustee (as amended, restated and/or supplemented from time to time, the **Agency Agreement**), the Agents have agreed to provide the Issuer with certain agency services and the Paying Agents have agreed, *inter alia*, to make available for inspection such documents as may be required from time to time by the rules of the Luxembourg Stock Exchange and to arrange for the publication of any notice to be given to the Covered Bondholders.

Bank Account Agreement

Under the terms of the bank account agreement entered into on the Programme Closing Date between the Account Bank, the Servicer, the Issuer and the Trustee (as amended, restated and/or supplemented from time to time, the **Bank Account Agreement**), the Account Bank has agreed to operate the Transaction Account, any swap collateral accounts and any other account required to be opened in accordance with the terms of any Hedging Agreement and the Bank Account Agreement (together with the Transaction Account, the **Bank Accounts**) in accordance with the instructions given by the Servicer.

Hedging Agreements

The Issuer may, from time to time during the Programme, enter into Interest Rate Swap Agreements, FX Rate Swap Agreements, Covered Bond Swap Agreements and any other hedging agreements (together the **Hedging Agreements**) with one or more Hedging Counterparties for the purpose of, *inter alia*, protecting itself against certain risks (including, but not limited to, interest rate, liquidity, currency and credit) related to the Loan Assets and/or the Covered Bonds. In accordance with the terms set forth in the Servicing and Cash Management Deed, the Issuer may include the claims of the Issuer arising from the Hedging Agreements, together with the cash flows deriving therefrom, in the Cover Pool provided that, *inter alia*, the terms and conditions of such Hedging Agreements shall not

adversely affect the ratings of the then outstanding Covered Bonds.

The Hedging Agreements shall be governed by English Law.

The Issuer's rights arising from any Hedging Agreement(s) will be included as part of the Cover Pool at the Issuer's discretion.

Transaction Documents

The Servicing and Cash Management Deed, the Programme Agreement, each Subscription Agreement, the Agency Agreement, the Trust Deed, the Deed of Charge, the Bank Account Agreement, the Asset Monitor Agreement, the Master Definitions and Construction Schedule, each of the Final Terms, each Registration Statement and Servicing Notification Form, the Conditions, the Covered Bonds, the Coupons, the Hedging Agreements, any agreement entered into with a Replacement Servicer, together with any additional document entered into in respect of the Covered Bonds and/or the Cover Pool and designated as a Transaction Document by the Issuer and the Trustee, are together referred to as the **Transaction Documents**.

Subscription Agreement means an agreement supplemental to the Programme Agreement (by whatever name called) in or substantially in the form set out in the Programme Agreement or in such other form as may be agreed between the Issuer and the relevant lead manager and/or Dealer(s).

Investor Report

On the Athens Business Day which falls three Athens Business Days prior to each Programme Payment Date (each an **Investor Report Date**), the Servicer will produce an investor report (the **Investor Report**), which will contain information regarding the Covered Bonds and the Cover Pool Assets (including statistics relating to the financial performance of the Cover Pool Assets) for the immediately preceding Collection Period. Such report will be available to the prospective investors in the Covered Bonds and to Covered Bondholders on Bloomberg and on the website www.piraeusbank.gr.

Collection Period means the period from (and including) a Collection Period Start Date (or, in the case of the first Collection Period, the Programme Closing Date) to the next Collection Period End Date.

Collection Period Start Date means the first calendar day falling in January, April, July and October of each year.

Collection Period End Date means the last calendar day falling in December, March, June and September of each year.

TERMS AND CONDITIONS OF THE COVERED BONDS

The following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each Global Covered Bond (as defined below) and each Definitive Covered Bond (as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Series or Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified, complete the following Terms and Conditions for the purpose of such Covered Bonds. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. Reference should be made to "Form of the Covered Bonds" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Piraeus Bank S.A. (the **Issuer**) pursuant to the Trust Deed (as defined below).

References herein to the Covered Bonds shall be references to the Covered Bonds of this Series and shall mean:

- (a) in relation to any Covered Bonds represented by a global Covered Bond (a **Global Covered Bond**), units of the lowest denomination specified in the relevant Final Terms (**Specified Denomination**) in the currency specified in the relevant Final Terms (**Specified Currency**);
- (b) any Global Covered Bond;
- (c) any definitive Covered Bonds in bearer form (**Bearer Definitive Covered Bonds**) issued in exchange for a Global Covered Bond in bearer form; and
- (d) any definitive Covered Bonds in registered form (**Registered Definitive Covered Bonds** and, together with Bearer Definitive Covered Bonds, **Definitive Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form).

The Covered Bonds and the Coupons (as defined below) are constituted by a trust deed originally dated the Programme Closing Date (as amended and restated on 12 August 2014 and as further amended and/or supplemented and/or restated from time to time, the **Trust Deed**) and made between, *inter alios*, the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression includes the trustee or trustees for the time being of the Trust Deed) as trustee for the Covered Bondholders.

The Covered Bonds and the Coupons have the benefit of an agency agreement originally dated the Programme Closing Date (as amended and restated on 12 August 2014 and as further amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between, *inter alios*, the Issuer, Citibank N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citibank N.A., London Branch as registrar (the **Registrar**, which expression shall include any successor registrar, and, together with any transfer agent appointed thereunder, the **Transfer Agents** (which expression shall include any successor transfer agents) and together with the Paying Agents, the Registrar and any Calculation Agent referred to below, the **Agents**). References to the **Calculation Agent** are (except where the context otherwise requires) to the person appointed as calculation agent in relation to one or more Series of Covered Bonds pursuant to the Agency Agreement, and include any successor calculation agent.

Interest-bearing Definitive Covered Bonds have interest coupons (**Coupons**) and, in the case of Covered Bonds which, when issued in definitive form, have more than 27 interest payments remaining, talons for

further Coupons (**Talons**) attached on issue. Any reference herein to **Coupons** or **coupons** shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The Final Terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Covered Bond and complete these Terms and Conditions (the **Conditions**). References to the applicable Final Terms are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond.

Any reference to **Covered Bondholders** or **holders** in relation to any Covered Bonds shall mean the holders of the Covered Bonds and shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the applicable Final Terms and the other Transaction Documents are available for viewing during normal business hours at the registered offices of the Issuer and of each Paying Agent and copies may be obtained from those offices save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms and the other Transaction Documents will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of such Covered Bonds and identity. If the Covered Bonds are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Covered Bondholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the applicable Final Terms and the other Transaction Documents which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the other Transaction Documents.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in the applicable Final Terms and/or the master definitions and construction schedule made between the parties to the Transaction Documents on the Programme Closing Date (as amended and restated on 12 August 2014 and as further amended and/or supplemented and/or restated from time to time, the **Master Definitions and Construction Schedule**), a copy of each of which may be obtained as described above.

1. Form, Denomination and Title

The Covered Bonds are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of Definitive Covered Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and *vice versa*.

The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms save that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations

applicable to the relevant Specified Currency, and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000.

It is a condition precedent to the issuance of a new Series or Tranche of Covered Bonds that (i) there is no Issuer Event or Event of Default outstanding and that such issuance would not cause an Issuer Event or Event of Default, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) each Rating Agency has been notified of such issuance, (iv) such issuance has been notified to the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.

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

Subject as set out below, title to the Bearer Covered Bonds and Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon registration of transfer in accordance with the provisions of the Agency Agreement. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Covered Bond or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership, trust or any other interest therein, any or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of or, as the case may be, registered in the name of a common depository (or its nominee) or, as applicable, common safekeeper (or its nominee), for Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error and any such certificate or other document may comprise any form of statement or printout of electronic records provided by the relevant clearing system (including, without limitation, Euroclear's EUCLID or Clearstream's CreationOnline system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, for which purpose the bearer of the relevant Global Covered Bond (or, as applicable, the registered holder) shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly.

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

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any

additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

2. Transfers of Registered Covered Bonds

2.1 Transfers of interests in Registered Global Covered Bonds

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by Euroclear or Clearstream, Luxembourg and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Definitive Covered Bonds or for a beneficial interest in another Registered Global Covered Bond only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 Transfers of Registered Covered Bonds in definitive form

Subject as provided in Conditions 2.3 (*Transfers of Registered Covered Bonds - Registration of transfer upon partial redemption*) and 2.4 (*Transfers of Registered Covered Bonds - Costs of registration*) upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Definitive Covered Bond may be transferred in whole or in part in the authorised denominations set out in the applicable Final Terms. In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing, and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent, and (b) the Registrar or, as the case may be, the relevant Transfer Agent, must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in the Agency Agreement).

Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent, will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent, is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Definitive Covered Bond of a like aggregate nominal amount to the Registered Definitive Covered Bond (or the relevant part of the Registered Definitive Covered Bond) transferred.

In the case of the transfer of part only of a Registered Definitive Covered Bond, a new Registered Definitive Covered Bond in respect of the balance of the Registered Definitive Covered Bond not transferred will (in addition to the new Registered Definitive Covered Bond in respect of the nominal amount transferred) be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

2.3 Registration of transfer upon partial redemption

For the avoidance of doubt, in the event of a partial redemption of Covered Bonds under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, which is partially redeemed.

2.4 Costs of registration

Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer, Registrar or Transfer Agent may require the payment of a sum sufficient to cover any stamp duty, Taxes or any other governmental charge that may be imposed in relation to the registration.

3. Status of the Covered Bonds

The Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer secured by the Statutory Pledge (as defined below) and the Deed of Charge. The Covered Bonds will, irrespective of their Series, at all times rank *pari passu* without any preference or priority amongst themselves for all purposes except for the timing of the repayment of principal and the timing and amount of interest payable.

The Covered Bonds are issued on an unconditional basis and in accordance with Article 152 of Greek Law 4261/2014 (published in the Government Gazette No 107/A/5-5-2014) (**Article 152**) and the Act of the Governor of the Bank of Greece No. 2598/2007, as amended and restated by the codifying Act of the Governor of the Bank of Greece No. 2620/2009 (the **Secondary Covered Bond Legislation** and, together with Article 152, the **Greek Covered Bond Legislation**). The Covered Bonds are backed by assets forming the Cover Pool of the Issuer and, to the extent such assets are governed by Greek law, have the benefit of a statutory pledge established pursuant to paragraph 4 of Article 152 (the **Statutory Pledge**) by virtue of registration statement(s) filed with the Athens Pledge Registry (each a **Registration Statement**) pursuant to paragraph 5 of Article 152. The form of the Registration Statement is defined in Ministerial Decree No 95630/8-9-2008 (published in the Government Gazette No 1858/B/12-9-2008) of the Minister of Justice.

In accordance with the Deed of Charge, security will be created for the benefit of the Trustee on behalf of the Secured Creditors over, *inter alia*, the Authorised Investments and Marketable Assets (to the extent governed by English law), the Bank Accounts (to the extent governed by English law) and any other Transaction Documents.

4. Priorities of Payments

Prior to the occurrence of any Segregation Event and/or any Issuer Event, on each Interest Payment Date, the Issuer will apply any funds available to it (including but not limited to, funds arising in relation to the assets comprised in the Cover Pool) to pay amounts due and payable on the Covered Bonds.

Following the occurrence of a Segregation Event but prior to the occurrence of an Issuer Event, the Servicer will apply amounts standing to the credit of the Transaction Account and the Collection Accounts to make payments on the Covered Bonds and such other payments which rank senior to or *pari passu* with the Covered Bonds (by reference to paragraphs (a) to (f) of the Pre-Event of Default Priority of Payments (as defined below)) in accordance with the Servicing and Cash Management Deed.

At any time upon or after the occurrence of any Issuer Event but prior to the delivery of a Notice of Default, the Servicer shall apply all Covered Bonds Available Funds on each Programme Payment

Date in making the following payments and provisions in the following order of priority (the **Pre-Event of Default Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction of all amounts then due and payable or to become due and payable prior to the next Programme Payment Date to the Trustee or any Appointee (including, remuneration or amounts by way of indemnity payable to it) under the provisions of the Trust Deed or any other Transaction Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein;
- (b) *second, pari passu and pro rata* according to the respective amounts thereof to pay any additional fees, costs, expenses and taxes due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, properly incurred in respect of any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders;
- (c) *third, pari passu and pro rata* according to the respective amounts thereof, to pay all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, to the Account Bank and the Agents under the Bank Account Agreement and the Agency Agreement, respectively;
- (d) *fourth, pari passu and pro rata* according to the respective amounts thereof to pay (i) all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (and for which payment has not been provided for elsewhere in this Pre-Event of Default Priority of Payments), to any Secured Creditors other than the Covered Bondholders and Couponholders, the Agents, the Account Bank, the Trustee and any Appointee and other than any amount due to be paid, or that will become due and payable prior to the next Programme Payment Date, to the Hedging Counterparties under the Hedging Agreements and (ii) to the Servicer an amount equal to any amount representing the cost of Levy in respect of any Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy;
- (e) *fifth, pari passu and pro rata*, according to the respective amounts thereof (i) to pay all amounts of interest due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, on any Covered Bonds and Coupons and (ii) to pay any amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, under any Hedging Agreement other than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (f) *sixth, pari passu and pro rata* according to the respective amounts thereof to pay all amounts of principal due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (if any), on any Covered Bonds;
- (g) *seventh*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Account, or, as applicable, be deposited in the Transaction Account;
- (h) *eighth*, if no Covered Bonds remain outstanding, to pay *pari passu and pro rata*, according to the respective amounts thereof, any amount due and payable on the Programme Payment

Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date to any Hedging Counterparties which are Subordinated Termination Payments; and

- (i) *ninth*, if no Covered Bonds remain outstanding, to pay any excess to the Issuer.

Following delivery of a Notice of Default, all funds deriving from the Cover Pool Assets or the Transaction Documents or which are standing to the credit of the Transaction Account shall be applied on any Athens Business Day in accordance with the following order of priority of payments (the **Post-Event of Default Priority of Payments** and, together with the Pre-Event of Default Priority of Payments, the **Priorities of Payments** and, each of them a **Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full) provided that any such amount has not already been paid by the Issuer using funds not forming part of the Cover Pool:

- (i) *first*, to pay any Indemnity to which the Trustee or any Appointee or any Receiver is entitled pursuant to the Trust Deed or any other Transaction Document and any costs and expenses incurred by or on behalf of the Trustee or any Appointee or any Receiver (a) following the occurrence of a Potential Event of Default or an Issuer Event or in connection with or as a result of serving on the Issuer a Notice of Default (to the extent that any such amounts have not yet been paid out of the Covered Bonds Available Funds before the delivery of a Notice of Default) and (b) following the delivery of a Notice of Default in connection with or as a result of the enforcement or realisation of (A) the security granted under the Statutory Pledge and the Deed of Charge and/or (B) any other right or remedy that the Trustee is entitled or required to pursue under or in connection with the Transaction Documents and/or the Covered Bonds for the purpose of protecting the interests of the Covered Bondholders and/or the other Secured Creditors;
- (ii) *second, pari passu and pro rata* according to the respective amounts thereof, (a) to pay all amounts of interest and principal due and payable on any Covered Bonds, (b) to pay any additional fees, costs, expenses and taxes due and payable in connection with any listing or deposit of the Covered Bonds or to fund any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders, (c) to pay all amounts due and payable to the Secured Creditors, other than the Covered Bondholders and (d) to pay any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (iii) *third, to pay pari passu and pro rata*, according to the respective amounts thereof, any amount due and payable to any Hedging Counterparties which are Subordinated Termination Payments; and
- (iv) *fourth*, following the payment in full of all items under (i) to (iii) above, to pay all excess amounts (if any) to the Issuer.

5. Interest

5.1 Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Subject as provided in these Conditions, interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date.

If the Covered Bonds are in definitive form, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the fixed coupon amount specified in the applicable Final Terms (**Fixed Coupon Amount**).

Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the broken amount specified in the relevant Final Terms (the **Broken Amount**) so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

5.2 Floating Rate Covered Bond Provisions

(a) Interest on Payment Dates

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the **Specified Period** in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, the expression **Interest Period** shall mean the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(b) Rate of Interest

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

(i) ISDA Determination for Floating Rate Covered Bonds

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

- (A) the Floating Rate Option is as specified in the applicable Final Terms;

- (B) the Designated Maturity is the period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), (1) **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions and (2) **Euro-zone** means the region comprising the member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

When this subparagraph (i) applies, in respect of each relevant Interest Period the Principal Paying Agent or the above-mentioned person will be deemed to have discharged its obligations under Condition 5.2(d) (*Interest - Floating Rate Covered Bond Provisions - Determination of Rate of Interest and calculation of Interest Amounts*) below in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (i).

(ii) Screen Rate Determination for Floating Rate Covered Bonds

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

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page (or such replacement page on that service which displays the information)); or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information), as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page (or such replacement page on that service which displays the information), the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page (or such replacement page on that service which displays the information) is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent or other person specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks (as defined below) or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period, if the Reference Rate is LIBOR, to leading banks in the London interbank market as at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, to leading banks in the Euro zone inter-bank market as at 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the

Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

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

For the purposes of this Condition 5.2(b)(ii):

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; and in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone interbank market, in each case selected by the Principal Paying Agent;

Reference Rate means, as specified in the Final Terms, (i) the London interbank offered rate (**LIBOR**) or (ii) the Eurozone interbank offered rate (**EURIBOR**), as specified for each in the Final Terms;

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

Specified Time means the time specified as such in the Final Terms or if none is so specified:

(i) in the case of a determination of LIBOR, 11.00 a.m.; or

(ii) in the case of a determination of EURIBOR, 11.00 a.m., in each case in the Relevant Financial Centre.

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

If the applicable Final Terms for a Floating Rate Covered Bond specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period

determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms for a Floating Rate Covered Bond specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Covered Bonds, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Covered Bonds for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bond; or

(ii) in the case of Floating Rate Covered Bonds in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(e) Linear Interpolation

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

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

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing or trading and to be published in accordance with Condition 17

(*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter and in the case of any notification to be given to the Luxembourg Stock Exchange on or before the first Business Day of each Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing or trading and to Covered Bondholders in accordance with Condition 17 (*Notices*).

(g) Determination or Calculation by Trustee

If for any reason at any relevant time after the Issue Date, the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph 5.2(b)(i) or 5.2(b)(ii) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph 5.2(d) above, the Trustee may determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it may think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee may calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). If such determination or calculation is made the Trustee shall notify the Issuer and the Stock Exchange of such determination or calculation and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as the case may be.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 (*Floating Rate Covered Bond Provisions*), whether by the Principal Paying Agent, the Calculation Agent or the Trustee shall (in the absence of wilful default, negligence or fraud) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the other Paying Agents, the Trustee and all Covered Bondholders and Couponholders and (in the absence of wilful default, negligence or fraud) no liability to the Issuer, the Covered Bondholders or the Couponholders shall attach to the Principal Paying Agent, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Zero Coupon Covered Bonds

Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest. When a Zero Coupon Covered Bond becomes repayable prior to its Final Maturity Date it will be redeemed at the Early Redemption Amount calculated in accordance with Condition 7.5 (*Redemption and Purchase - Early Redemption Amounts*). In the case of late payment the amount due and repayable shall be calculated in accordance with Condition 7.8 (*Redemption and Purchase - Late Payment*).

5.4 Accrual of interest

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused

or unless default is otherwise made in respect of payment, in which event, interest will continue to accrue as provided in Condition 7.8 (*Redemption and Purchase - Late Payment*).

5.5 Business Day, Business Day Convention, Day Count Fractions and other adjustments

- (a) In these Conditions, **Business Day** means a day which is both:
- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Athens and any Additional Business Centre specified in the applicable Final Terms; and
 - (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or as otherwise specified in the applicable Final Terms or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET2**) System (the **TARGET2 System**) is open.
- (b) If a **Business Day Convention** is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:
- (i) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) (*Interest - Floating Rate Covered Bond Provisions - Interest on Payment Dates*), the **Floating Rate Convention**, such Interest Payment Date (1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis*, or (2) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls within the Specified Period after the preceding applicable Interest Payment Date occurred; or
 - (ii) the **Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
 - (iii) the **Modified Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
 - (iv) the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.
- (c) **Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:
- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
 - (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest

Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period (as defined in Condition 5.5(e) (*Interest - Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of (I) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (II) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y^2 - Y^1)] + [30x(M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

“Y¹” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D¹” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D¹ will be 30; and

“D²” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D¹ is greater than 29, in which case D² will be 30;

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

$$\text{Day Count Fraction} = \frac{[360x(Y^2 - Y^1)] + [30x(M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

“Y¹” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D¹” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D¹ will be 30; and

“D²” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D² will be 30;

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

$$\text{Day Count Fraction} = \frac{[360x(Y^2 - Y^1)] + [30x(M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

“Y¹” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M²” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D¹” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D¹ will be 30; and

“D²” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31 and D² will be 30; or

such other Day Count Fraction as may be specified in the applicable Final Terms.

(d) **Determination Date** has the meaning given in the applicable Final Terms.

- (e) **Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).
- (f) **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
- (g) **Interest Commencement Date** means in the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms from (and including) which the relevant Covered Bonds will accrue interest.
- (h) **Interest Payment Date** means, in respect of Fixed Rate Covered Bonds, the meaning given in the applicable Final Terms and in respect of Floating Rate Covered Bonds, the meaning given in Condition 5.2 (*Interest - Floating Rate Covered Bond Provisions*), together the **Interest Payment Dates**.
- (i) **Interest Period** means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
- (j) **Principal Amount Outstanding** means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day provided that the Principal Amount Outstanding in respect of a Covered Bond that has been purchased and cancelled by the Issuer shall be zero.
- (k) If **adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention.
- (l) If **not adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, but such Interest Payment Dates shall not be adjusted in accordance with any Business Day Convention.
- (m) **sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01.

6. Payments

6.1 Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency;
- (ii) payments in euro will be made by credit or electronic transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and

- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6 (*Payments*), means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

In no event will payment in respect of Covered Bonds be made by a cheque mailed to an address in the United States. All payments of interest in respect of Covered Bonds will be made to accounts located outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 8 (*Taxation*). References to Specified Currency will include any successor currency under applicable law.

6.2 Presentation of Bearer Definitive Covered Bonds and Coupons

Payments of principal and interest (if any) will (subject as provided below) be made in accordance with Condition 6.1 (*Payments - Method of payment*) only against presentation and surrender of Bearer Definitive Covered Bonds or Coupons (or, in the case of part payment of any sum due, endorsement of the Bearer Definitive Covered Bond (or Coupon)), as the case may be, only at a specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

If any Bearer Definitive Covered Bond is redeemed or becomes repayable prior to the stated maturity thereof, principal will be payable in accordance with Condition 6.1 (*Payments - Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum, endorsement) of such Bearer Definitive Covered Bond.

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 11 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due but in no event thereafter.

Upon amounts in respect of any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer prior to its Final Maturity Date (or, as the case may be, Extended Final Maturity Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Covered Bond** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on

which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond.

If the due date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender of the relevant Bearer Definitive Covered Bond.

6.3 Payments in respect of Bearer Global Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Bearer Global Covered Bond against presentation or surrender, as the case may be, of such Bearer Global Covered Bond if the Bearer Global Covered Bond is not intended to be issued in new global covered bond (**NGCB**) form at the specified office of any Paying Agent outside the United States. On the occasion of each payment, (i) in the case of any Bearer Global Covered Bond which is not issued in NGCB form, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond by the Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made and (ii) in the case of any Global Covered Bond which is issued in NGCB form, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

No payments of principal, interest or other amounts due in respect of a Bearer Global Covered Bond will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

6.4 Payments in respect of Registered Covered Bonds

Payments of principal in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made in accordance with Condition 6.1 (*Payments - Method of payment*) by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the Registrar (the **Register**) at the close of business on the business day (**business day** being for the purposes of this Condition 6.4 (*Payments - Payments in respect of Registered Covered Bonds*) a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the **Record Date**). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account, or (ii) the principal amount of the Covered Bonds held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of principal in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the

Register at the close of business on the Record Date at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not less than three business days before the due date for any payment of interest or principal in respect of a Registered Covered Bond, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and principal in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and principal will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The bearer of a Global Covered Bond or the Trustee shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the obligations of the Issuer will be discharged by payment to, or to the order of, the holder of such Global Covered Bond (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Covered Bond (or the Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or the Trustee) shall have any claim against the Issuer in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in respect of Bearer Covered Bonds in U.S. Dollars will only be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and/or interest on the Bearer Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 Payment Day

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition (unless otherwise specified in the applicable Final Terms), **Payment Day** means any day which (subject to Condition 11 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London;
 - (C) Athens; and
 - (D) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, Athens, London and any Additional Financial Centre) or as otherwise specified in the applicable Final Terms or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 Interpretation of principal and interest

Any reference in these Conditions to **principal** in respect of the Covered Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount (as defined in the Final Terms) (the **Final Redemption Amount**) of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds but excluding any amount of interest referred to therein;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 7.5(ii) (*Redemption and Purchase - Early Redemption Amounts*)); and
- (vi) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds.

Any reference in these Conditions to **interest** in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6.8 Definitions

In these Conditions, the following expressions have the following meanings:

Accrual Yield has, in relation to a Zero Coupon Covered Bond, the meaning given in the applicable Final Terms.

Calculation Amount has the meaning given in the applicable Final Terms.

Early Redemption Amount means the amount calculated in accordance with Condition 7.5 (*Redemption and Purchase - Early Redemption Amounts*).

Established Rate means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty.

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

Extraordinary Resolution means a resolution of the Covered Bondholders passed as such under the terms of the Trust Deed.

Minimum Rate of Interest means in respect of Floating Rate Covered Bonds, the percentage rate per annum (if any) specified as such in the applicable Final Terms.

Notice of Default has the meaning given to it in Condition 10 (*Events of Default and Enforcement*).

Optional Redemption Amount has the meaning (if any) given in the applicable Final Terms.

Potential Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

Rate of Interest means the rate of interest payable from time to time in respect of Fixed Rate Covered Bonds and Floating Rate Covered Bonds, as determined in the applicable Final Terms.

Reference Price has, in respect of a Zero Coupon Covered Bond, the meaning given in the applicable Final Terms.

Screen Rate Determination means, if specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 5.2(b)(ii) (*Interest - Floating Rate Covered Bond Provisions - Rate of Interest - Screen Rate Determination for Floating Rate Covered Bonds*).

Secured Creditors means the Covered Bondholders, the Couponholders, the Trustee, any Receiver, the Asset Monitor, the Account Bank, the Agents, the Servicer, the Hedging Counterparties and any other creditor of the Issuer having the benefit of the Charged Property in accordance with the Greek Covered Bond Legislation or pursuant to any transaction document entered into in the course of the Programme (provided that where Piraeus Bank performs any of the above roles, Piraeus Bank shall not be a Secured Creditor).

Treaty means the Treaty establishing the European Community, as amended.

7. Redemption and Purchase

7.1 Final redemption

- (i) Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date.
- (ii) Without prejudice to Conditions 9 (*Issuer Events*) and 10 (*Events of Default and Enforcement*), if an Extended Final Maturity Date is specified in the applicable Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, *provided that* any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.
- (iii) The Issuer shall confirm to the relevant Covered Bondholders (in accordance with Condition 17 (*Notices*)), the Rating Agencies, any relevant Hedging Counterparty, the Trustee, the Registrar (in the case of a Registered Covered Bond) and the Principal Paying Agent as soon as reasonably practicable and in any event at least five Athens Business Days prior to the Final Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Covered Bonds on the Final Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.
- (iv) Where the applicable Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Final Maturity Date shall not constitute a default in payment.

7.2 Redemption for taxation reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the relevant Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if the relevant Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Trustee and, in accordance with Condition 17 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that on the occasion of the next date for payment of interest on the relevant Covered Bonds, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*). Covered Bonds redeemed pursuant to this Condition 7.2 (*Redemption and Purchase - Redemption for taxation reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.5 (*Redemption and Purchase - Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If an issuer call is specified in the applicable Final Terms (**Issuer Call**), the Issuer may, having given:

- (i) not less than 15 nor more than 60 days' notice to the Covered Bondholders in accordance with Condition 17 (*Notices*) below with a copy of such notice to be provided to the Trustee; and
- (ii) not less than 5 days before the giving of the notice referred to in (i), notice to the Trustee and the Principal Paying Agent,

which notice shall be irrevocable and shall specify the date fixed for redemption (the **Optional Redemption Date**), redeem all or some only of the Covered Bonds then outstanding on any Optional

Redemption Date and at the **Optional Redemption Amount(s)** specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon expiry of such notice, the Issuer shall redeem the Covered Bonds accordingly. Any such redemption must be for an amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any) as specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the **Redeemed Covered Bonds**) will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 17 (*Notices*) not less than 15 days (or such shorter period as may be specified in the applicable Final Terms) prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds or represented by Global Covered Bonds shall, in each case, bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds or Global Covered Bonds outstanding bears, in each case, to the aggregate nominal amount of the Covered Bonds outstanding on the Selection Date, provided that such nominal amounts shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 17 (*Notices*) at least five days (or such shorter period as is specified in the applicable Final Terms) prior to the Selection Date.

7.4 Redemption at the option of the Covered Bondholders (Investor Put)

- (i) If an investor put is specified in the Final Terms (the **Investor Put**), then if and to the extent specified in the applicable Final Terms, upon the holder of this Covered Bond giving to the Issuer not less than 30 nor more than 60 days' (or such other notice period specified in the applicable Final Terms) notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in the applicable Final Terms, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date.
- (ii) If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must deliver such Covered Bond, on any Business Day falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor Put in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 7.4.
- (iii) Any Put Notice given by a Covered Bondholder of any Covered Bond pursuant to this Condition shall be irrevocable.

7.5 Early Redemption Amounts

For the purpose of Condition 7.1 (*Redemption and Purchase - Final redemption*), Condition 7.2 (*Redemption and Purchase - Redemption for taxation reasons*) and Condition 10 (*Events of Default*)

and Enforcement), each Covered Bond will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Covered Bond (other than a Zero Coupon Covered Bond), it will be redeemed at its Final Redemption Amount; and
- (ii) in the case of each Zero Coupon Covered Bond, it will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator will be 365).

7.6 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase or otherwise acquire Covered Bonds (provided that, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price in the open market either by tender or private agreement or otherwise. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.7 Cancellation

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 7.6 (*Redemption and Purchase - Purchases*) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.8 Late Payment

If any amount payable in respect of any Covered Bond is improperly withheld or refused upon its becoming due and repayable or is paid after its due date, the amount due and repayable in respect of

such Covered Bond (the **Late Payment**) shall itself accrue interest (both before and after any judgment or other order of a court of competent jurisdiction) from (and including) the date on which such payment was improperly withheld or refused or, as the case may be, became due, to (but excluding) the Late Payment Date in accordance with the following provisions:

- (i) in the case of a Covered Bond other than a Zero Coupon Covered Bond, at the rate determined in accordance with Condition 5.1 (*Interest - Interest on Fixed Rate Covered Bonds*) or 5.2 (*Interest - Floating Rate Covered Bond Provisions*), as the case may be; and
- (ii) in the case of a Zero Coupon Covered Bond, at a rate equal to the Accrual Yield,

in each case on the basis of the Day Count Fraction specified in the applicable Final Terms or, if none is specified, on a 30/360 basis.

For the purpose of this Condition 7.8, the **Late Payment Date** shall mean the earlier of:

- (i) the date which the Principal Paying Agent determines to be the date on which, upon further presentation of the relevant Covered Bond, payment of the full amount (including interest as aforesaid) in the relevant currency in respect of such Covered Bond is to be made; and
- (ii) the seventh day after notice is given to the relevant Covered Bondholder (whether individually or in accordance with Condition 17 (*Notices*)) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Covered Bond is available for payment,

provided that in the case of both (i) and (ii), upon further presentation thereof being duly made, such payment is made.

8. Taxation

- (a) All payments of principal and interest (if any) in respect of the Covered Bonds and the Coupons (if any) by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Hellenic Republic or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. Neither the Issuer nor any other entity shall be obliged to pay any additional amount to any Covered Bondholder on account of such withholding or deduction.
- (b) If the Issuer becomes subject at any time to any taxing jurisdiction other than the Hellenic Republic, references in the Conditions to the Hellenic Republic shall be construed as references to the Hellenic Republic and/or such other jurisdiction.

9. Issuer Events

Prior to, or concurrent with the occurrence of an Event of Default, if any of the following events (each, an **Issuer Event**) occurs:

- (i) an Issuer Insolvency Event (as defined below); or
- (ii) the Issuer fails to pay any amount of principal (other than that due on the Final Maturity Date or the Extended Final Maturity Date, as applicable) or interest in respect of the Covered Bonds on the due date for payment thereof and such failure continues for a period of seven Athens Business Days; or

- (iii) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding on it (other than any obligation for the payment of amounts due under the Covered Bonds or Coupons of any Series) under the Trust Deed, the Deed of Charge or any other Transaction Document to which the Issuer is a party which, in the opinion of the Trustee, would have a materially prejudicial effect on the interests of the Covered Bondholders of any Series, and (except where such default is or the effects of such default are, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required) such default continues for 30 days (or such longer period as the Trustee may permit) after written notice has been given by the Trustee to the Issuer requiring the default to be remedied; or
- (iv) any present or future indebtedness in respect of moneys borrowed or raised in an amount of €25,000,000 (or its equivalent in any other currency or currencies) or more (other than indebtedness under this Programme) of the Issuer becomes due and payable prior to the stated maturity thereof as extended by any grace period originally applicable thereto; or if any present or future guarantee of, or indemnity given by the Issuer in respect of, such indebtedness is not honoured when called upon or within any grace period originally applicable thereto; or
- (v) there is a breach of a Statutory Test on a Calculation Date, Issue Date or Monthly Calculation Date and such breach is not remedied within five Athens Business Days; or
- (vi) if it is or will (in the opinion of the Trustee, having taken legal advice from a reputable firm of lawyers or a reputable legal expert) become unlawful or illegal for the Issuer to comply with any of its obligations under or in respect of the Covered Bonds or any of the Transaction Documents where such unlawfulness or illegality is not, or cannot be, remedied within 30 days after written notice has been given by the Trustee to the Issuer requiring the same to be remedied,

then (for so long as such Issuer Event is continuing) (i) no further Covered Bonds will be issued, (ii) the Servicer will procure that any and all payments due from Borrowers under the Cover Pool Assets are paid henceforth directly to the Transaction Account or the Third Party Collection Account, as applicable, in accordance with the Servicing and Cash Management Deed, (iii) all collections of principal and interest on the Cover Pool Assets will be dedicated exclusively to the payment of interest and repayment of principal on the Covered Bonds and to the fulfilment of the obligations of the Issuer *vis-à-vis* the Secured Creditors in accordance with the Pre-Event of Default Priority of Payments, (iv) if Piraeus Bank is the Servicer, its appointment as Servicer will be terminated and a Replacement Servicer will be appointed pursuant to the terms of the Servicing and Cash Management Deed and the Greek Covered Bond Legislation, and (v) the Servicer, or, as applicable, the Replacement Servicer, appointed pursuant to the Servicing and Cash Management Deed and the Greek Covered Bond Legislation will be obliged to sell in whole or in part the Loan Assets in accordance with the provisions of the Servicing and Cash Management Deed.

For the avoidance of doubt, an Issuer Event shall not be deemed to have occurred where there has been a failure to pay the Principal Amount Outstanding on the Covered Bonds on the Final Maturity Date or, as applicable, the Extended Final Maturity Date.

Issuer Insolvency Event means, in relation to the Issuer:

- (a) an order is made or an effective resolution passed for the liquidation or winding up or dissolution of the Issuer, except for the purposes of a reconstruction, amalgamation or merger or following the transfer of all or substantially all of the assets of the relevant entity, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Covered Bondholders (of all Series taken together as a

single Series) or which has been effected in compliance with the terms of Condition 18 (*Substitution of the Issuer*);

- (b) the Issuer stops or threatens to stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally;
- (c) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or over half of the assets of, the Issuer or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or (in the opinion of the Trustee) a substantial part of the assets of the Issuer and in any of the foregoing cases it or he shall not be discharged within 60 days;
- (d) the imposition on the Issuer by the Bank of Greece of resolution measures in accordance with article 139 of Law 4261/2014; or
- (e) a supervisor (*Epitropos*) of the Issuer is appointed in accordance with article 137 of Law 4261/2014 or the Issuer is placed in liquidation in accordance with article 145 of Law 4261/2014.

10. Events of Default and Enforcement

10.1 Events of Default

If any of the following events (each, an **Event of Default**) occurs, and is continuing:

- (a) on the Final Maturity Date or Extended Final Maturity Date, as applicable, in respect of any Series of Covered Bonds or on any Interest Payment Date or any earlier date for redemption on which principal thereof is due and repayable, there is a failure to pay any amount of principal due on such Covered Bonds on such date and such default is not remedied within a period of seven Athens Business Days from the due date thereof;
- (b) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series of Covered Bonds occurs and such default is not remedied within a period of 14 Athens Business Days from the due date thereof; or
- (c) breach of the Amortisation Test pursuant to Clause 8 (*Amortisation Test*) of the Servicing and Cash Management Deed on any Monthly Calculation Date following an Issuer Event,

then the Trustee shall, upon receiving notice in writing from the Principal Paying Agent or any Covered Bondholder or, in respect of (c), the Servicer, of such Event of Default, serve a notice (a **Notice of Default**) on the Issuer.

Following the service of a Notice of Default, the Covered Bonds of each Series shall become immediately due and payable.

Following the occurrence of an Event of Default, the Trustee shall be entitled to direct the Servicer to dispose of the Cover Pool Assets.

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings or steps against the Issuer and/or any other person as it may think fit to enforce the provisions of the Deed of Charge, the Trust Deed, the Covered Bonds or any other Transaction Document in accordance with

its terms and the pledge created under the Statutory Pledge and may, at any time after the Security has become enforceable, take such proceedings or steps as it may think fit to enforce the Security, but it shall not be bound to take any such proceedings or steps or exercise such rights or powers unless (i)(A) it shall have been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series (with the Covered Bonds of all Series taken together as a single Series and converted into Euro at the relevant Covered Bond Swap Rate) or (B) a request in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Euro at the relevant Covered Bond Swap Rate), and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions under this Condition 10.2 the Trustee shall only have regard to the interests of the Covered Bondholders of all Series taken equally and shall not have regard to the interests of any individual Covered Bondholders (whatever their number) or any other Secured Creditors.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer, or to take any action with respect to the Trust Deed, any other Transaction Document, the Covered Bonds, the Coupons, or the Security unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing.

11. Prescription

Claims against the Issuer for payment of principal and interest in respect of the Covered Bonds (whether in bearer or registered form) will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for paying in respect of which would be void pursuant to this Condition 11 or Condition 6 (*Payments*).

As used herein, the **Relevant Date** means the date on which payment in respect of the Covered Bond or Coupon first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent on or prior to such date, the Relevant Date shall be the date on which such moneys shall have been so received and notice to that effect has been given to Covered Bondholders in accordance with Condition 17 (*Notices*).

12. Replacement of Covered Bonds, Coupons and Talons

If any Covered Bond, Talon or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Covered Bonds or Coupons) or the Registrar (in the case of Registered Covered Bonds), or any other place approved by the Trustee, of which notice shall be given to the Covered Bondholders in accordance with Condition 17 (*Notices*) (and, if the Covered Bonds are then listed on any stock exchange which requires the appointment of an Agent in any particular place, the Paying Agent having its specified office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Talons or Coupons must be surrendered before replacements will be issued.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified

office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.

14. Trustee and Agents

- (a) In acting under the Agency Agreement and in connection with the Covered Bonds and the Coupons, the Agents act solely as agents of the Issuer (or, in the circumstances specified in the Agency Agreement, the Trustee) and do not assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders or Couponholders.
- (b) The initial Agents and their initial specified offices are set forth in the Base Prospectus and in the Master Definitions and Construction Schedule. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time with the prior written consent of the Trustee to vary or terminate the appointment of any Agent and to appoint a successor Principal Paying Agent or Calculation Agent and additional or successor paying agents *provided, however, that:*
 - (i) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Principal Paying Agent) with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
 - (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall at all times maintain a Calculation Agent;
 - (iii) if and for so long as the Covered Bonds are listed on any stock exchange which requires the appointment of an Agent in any particular place, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall maintain an Agent having its specified office in the place required by such stock exchange; and
 - (iv) the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive or law implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change in any of the Agents or in their specified offices shall promptly be given by the Issuer to the Covered Bondholders in accordance with Condition 17 (*Notices*).

- (c) Under the Trust Deed and the Deed of Charge, the Trustee is entitled to be indemnified and/or secured and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its remuneration, costs and expenses and all other liabilities in priority to the claims of the Covered Bondholders and the other Secured Creditors.

15. Meetings of Covered Bondholders, Modification and Waiver

- (a) *Meetings of Covered Bondholders:*

The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matters affecting their interests, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution of the Covered Bondholders of the relevant Series. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer upon the request in writing signed by Covered Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Covered Bonds of the relevant Series. The quorum at any meeting convened to vote on such an Extraordinary Resolution will be one or more persons holding or representing a clear majority of the aggregate principal amount of the outstanding Covered Bonds of such Series or, at any adjourned meeting, one or more persons being or representing Covered Bondholders of such Series whatever the principal amount of the Covered Bonds of such Series held or represented; *provided, however, that* certain Series Reserved Matters, as defined below and as described in the Trust Deed, may only be sanctioned by an Extraordinary Resolution passed at a meeting of Covered Bondholders of such Series at which one or more persons holding or representing not less than two-thirds, or, at any adjourned meeting, not less than one-quarter, of the aggregate principal amount of the outstanding Covered Bonds of such Series form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Covered Bondholders and Couponholders of such Series, whether present or not.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Trustee to take any enforcement action pursuant to Condition 10.2 (*Events of Default and Enforcement - Enforcement*) (each a **Programme Resolution**) shall only be capable of being passed at a single meeting of the holders of the Covered Bonds of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer or the Trustee or by Covered Bondholders holding at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the nominal amount of the Covered Bonds of all Series then outstanding. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders in respect of such Covered Bonds.

In connection with any meeting of the holders of Covered Bonds of more than one Series where any Series of such Covered Bonds is not denominated in Euro, the nominal amount of the Covered Bonds of such Series not denominated in Euro shall be converted into Euro at the relevant Covered Bond Swap Rate.

In addition, a resolution in writing signed by or on behalf of a clear majority of Covered Bondholders who for the time being are entitled to receive notice of a meeting of Covered Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Covered Bondholders.

(b) *Modification:*

The Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series or any of the other Secured Creditors (other than the Hedging Counterparties in respect of a modification to the Pre-Event of Default Priority of Payments or the Post-Event of Default Priority of Payments (such consent not to be unreasonably withheld or delayed)) at any time and from time to time concur with the Issuer and any other party, to:

- (i) any modification (other than in respect of a Series Reserved Matter) of the terms and conditions applying to the Covered Bonds of one or more Series (including these Conditions), the related Coupons, the Trust Presents and/or any other Transaction Document provided that in the sole opinion of the Trustee such modification is not materially prejudicial to the interests of the Covered Bondholders of such Series; or
- (ii) any modification of the terms and conditions applying to Covered Bonds of any one or more Series (including these Conditions), the related Coupons or any Transaction Document which is in the sole opinion of the Trustee of a formal, minor or technical nature or is to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

Series Reserved Matter in relation to Covered Bonds of a Series means:

- (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds other than in accordance with the terms thereof;
- (ii) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made;
- (iii) alteration of the quorum or majority required to pass an Extraordinary Resolution;
- (iv) the sanctioning of any such scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the holders of the Covered Bonds to execute an instrument of transfer of the Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and
- (v) alteration of this definition of Series Reserved Matter.

(c) *Trustee's discretion*

The Trustee may without the consent of any of the Covered Bondholders of any Series, the related Couponholders and any other Secured Creditors and without prejudice to its rights in respect of any subsequent breach, Issuer Event, Servicer Termination Event, Potential Event of Default or Event of Default from time to time and at any time but only if in so far as in its opinion the interests of the Covered Bondholders of any Series shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Presents or the other Transaction Documents or determine that any Issuer Event, Servicer Termination Event, Potential Event of Default or Event of Default shall not be treated as such for the purposes of the Trust Presents PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred on it by this Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*) in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 10 (*Events of Default and Enforcement*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Covered Bondholders, the related

Couponholders and shall be notified by the Issuer (i) (if, but only if, the Trustee shall so require) to the Covered Bondholders and (ii) to each Rating Agency, in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

16. Further Issues

The Issuer may from time to time, without the consent of the Covered Bondholders or the Couponholders or any other Secured Creditors, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest thereon, issue date and/or issue price) so as to form a single series with the Covered Bonds provided that (i) there is no Issuer Event or Event of Default outstanding and that such issuance would not cause an Issuer Event or an Event of Default, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) each Rating Agency has been notified of such issuance, (iv) such issuance has been notified to the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.

17. Notices

All notices regarding the Bearer Covered Bonds will be valid if published in one leading English language daily newspaper of general circulation in London or any other daily newspaper in London approved by the Trustee and (for so long as any Bearer Covered Bonds are listed on the Official List of the Luxembourg Stock Exchange) if published in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange www.bourse.lu. It is expected that such publication will be made in the Financial Times in London and (in relation to Bearer Covered Bonds listed on the Official List of the Luxembourg Stock Exchange) in the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer or, in the case of a notice given by the Trustee, the Trustee shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Covered Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers or where published in such newspapers on different dates, the last date of such first publication). If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Covered Bonds are listed, quoted or traded on a stock exchange or are admitted to listing or trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given on the date of such publication. If the giving of notice as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bearer Covered Bondholders.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Covered Bond in definitive form) with the relevant Covered Bond or Covered Bonds, with the Principal Paying Agent.

Whilst the Covered Bonds are represented by Global Covered Bonds any notice shall be deemed to have been duly given to the relevant Covered Bondholder if sent to the Clearing Systems for communication by them to the holders of the Covered Bonds and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Covered Bonds are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange), any notice shall also be published in accordance with the relevant listing rules (which includes publication on the website of the Luxembourg Stock Exchange, www.bourse.lu).

18. Substitution of the Issuer

- (a) If so requested by the Issuer, the Trustee may, without the consent of any Covered Bondholder or Couponholder or any other Secured Creditor, agree with the Issuer to the substitution in place of the Issuer (or of the previous substitute under this Condition) as the principal debtor under the Trust Presents and all other Transaction Documents (the **New Company**) upon notice by the Issuer and the New Company to be given to the Covered Bondholders and the other Secured Creditors in accordance with Condition 17 (*Notices*), *provided that*:
- (i) the Issuer is not in default in respect of any amount payable under the Covered Bonds;
 - (ii) the Issuer and the New Company have entered into such documents (the **Documents**) as are necessary, in the opinion of the Trustee, to give effect to the substitution and in which the New Company has undertaken in favour of the Trustee for itself and on behalf of each Covered Bondholder to be bound by these Conditions, the Trust Presents, and the other Transaction Documents to which the Issuer is a party as the debtor in respect of the Covered Bonds in place of the Issuer (or of any previous substitute pursuant to this Condition 18 (*Substitution of the Issuer*) and Clause 20 (*Substitution*) of the Trust Deed);
 - (iii) If the New Company is resident for tax purposes in a territory (the **New Residence**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **Former Residence**), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that the Trustee for itself and on behalf of each Covered Bondholder has the benefit of an undertaking in terms corresponding to the provisions of this Condition 8 (*Taxation*), with the substitution of references to the Former Residence with references to the New Residence;
 - (iv) the New Company and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the New Company of its obligations under the Transaction Documents;
 - (v) if two directors of the New Company (or other officers acceptable to the Trustee) have certified that the New Company is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Trustee can rely on absolutely), the Trustee shall not be under any duty to have regard to the financial conditions, profits or prospect of the New Company or to compare the same with those of the Issuer;
 - (vi) the rights of the Covered Bondholders and the other Secured Creditors in respect of the Cover Pool shall continue in full force and effect in relation to the obligations of the New Company;

- (vii) legal opinions in form and substance satisfactory to the Trustee shall have been delivered to the Trustee (with a copy of such legal opinions also to be provided to each Rating Agency) from lawyers of recognised standing in the jurisdiction of incorporation of the New Company, in England and in Greece as to matters of law relating to the fulfilment of the requirements of this Condition 18 (*Substitution of the Issuer*) and that the Covered Bonds and any Coupons and/or Talons are legal, valid and binding obligations of the New Company;
 - (viii) if Covered Bonds issued or to be issued under the Programme have been assigned a credit rating by any Rating Agency, each such Rating Agency has been notified of the proposed substitution and has confirmed, within 30 days of receiving such notice, that the then current rating of the then outstanding Covered Bonds would not be downgraded as a result of such substitution;
 - (ix) each stock exchange on which the Covered Bonds are listed shall have confirmed that, following the proposed substitution of the New Company, the Covered Bonds will continue to be listed on such stock exchange; and
 - (x) if applicable, the New Company has appointed a process agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Covered Bonds, the Conditions, the Trust Presents, and the other Transaction Documents.
- (b) Upon such substitution the New Company shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Covered Bonds, any Coupons and the Trust Deed with the same effect as if the New Company has been named as the Issuer herein, and the Issuer shall be released from its obligations under the Covered Bonds, any Coupons and/or Talons and under the Trust Deed.
 - (c) After a substitution pursuant to Condition 18(a), the New Company may, without the consent of any Covered Bondholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 18(a) and 18(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Company.
 - (d) After a substitution pursuant to Condition 18(a) or 18(c), any New Company may, without the consent of any Covered Bondholder or Couponholder, reverse the substitution, *mutatis mutandis*.
 - (e) The Transaction Documents shall be delivered to, and kept by, the Principal Paying Agent. Copies of the Transaction Documents will be available free of charge during normal business hours at the specified office of the Principal Paying Agent.

19. Governing Law and Jurisdiction

The Covered Bonds and any non-contractual obligations arising out of or in connection with the Covered Bonds are governed by, and shall be construed in accordance with, English law, save that the security under the Statutory Pledge referred to in Condition 3 (*Status of the Covered Bonds*) above shall be governed by, and construed in accordance with, Greek law.

The courts of England have exclusive jurisdiction to settle any dispute (including a dispute relating to any non-contractual obligations) (a **Dispute**), arising out of or in connection with the Covered Bonds.

20. Third Parties

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999.

FORMS OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without interest coupons and/or talons attached, or registered form, without interest coupons and/or talons attached. Bearer Covered Bonds will be issued outside the United States in reliance on Regulation S and Registered Covered Bonds may be issued outside the United States in reliance on Regulation S.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be in bearer form initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Global Covered Bond**) which will:

- (a) if the Bearer Global Covered Bonds (as defined below) are issued in new global covered bond (**NGCB**) form, as stated in the applicable Final Terms, be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (b) if the Bearer Global Covered Bonds are not issued in NGCB form, be delivered on or prior to the issue date of the relevant Tranche to a common depository (the **Common Depository**) or, as applicable, common safekeeper, for Euroclear and Clearstream, Luxembourg.

Bearer Covered Bonds will only be delivered outside the United States and its possessions.

If the Bearer Global Covered Bonds are stated in the applicable Final Terms to be issued in NGN form, they may be intended to be eligible collateral for Eurosystem monetary policy. Delivering the Bearer Global Covered Bonds to the Common Safekeeper does not necessarily mean that the Bearer Global Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not issued in NGCB form) only outside the United States and its possessions and to the extent that certification (in a form to be provided by Euroclear and/or Clearstream, Luxembourg) to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a **Bearer Global Covered Bond**) of the same Series or (b) for Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. Purchasers in the United States and certain U.S. persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Global Covered Bond. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an

interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made outside the United States and its possessions and through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Covered Bond (if the Permanent Global Covered Bond is not issued in NGCB form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, interest coupons and talons attached upon either (a) provided the Covered Bonds have a minimum Specified Denomination, or integral multiples thereof, not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) to the Principal Paying Agent as described therein or (b) upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Global Covered Bond (and any interests therein) exchanged for Bearer Definitive Covered Bonds. The Issuer will promptly give notice to Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 17 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b)(ii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Global Covered Bonds, Bearer Definitive Covered Bonds and any Coupons or Talons attached thereto will be issued pursuant to the Trust Deed.

The following legend will appear on all Bearer Covered Bonds that have an original maturity of more than one year and on all interest coupons and talons relating to such Bearer Covered Bonds:

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

The sections referred to provide that United States persons (as defined for U.S. federal tax purposes), with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any sale or other disposition in respect of such Bearer Covered Bonds, talons or interest coupons.

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

Registered Covered Bonds

Registered Global Covered Bonds will be deposited with the Common Depositary (or, as applicable, common safekeeper) for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Covered Bonds*)) as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (*Payments - Payments in respect of Registered Covered Bonds*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without Coupons or Talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (a) in the case of a Registered Global Covered Bond registered in the name of the Common Depositary or its nominee, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Registered Global Covered Bond (and any interests therein) exchanged for Registered Definitive Covered Bonds. The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 17 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Covered Bonds*"), the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN and, where applicable, CINS number which are different from the common code, ISIN and CINS number assigned to Covered Bonds of any other Tranche of the same Series until at least the Exchange Date applicable to the Covered Bonds of such further Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become so bound to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS

[date]

PIRAEUS BANK S.A.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]

Under the

€10 billion Global Covered Bond Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the Base Prospectus dated [●] [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC, as amended (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Base Prospectus. Copies of the Base Prospectus [and the supplement(s) to the Base Prospectus] are available free of charge to the public at the registered office of the Issuer, from the specified office of each of the Paying Agents and from the website of the Luxembourg Stock Exchange (www.bourse.lu).

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the Base Prospectus dated [8 February 2011] [and the supplement(s) to it dated [●]] which [is/are] incorporated by reference in the Base Prospectus dated 12 August 2014. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) and must be read in conjunction with the Prospectus dated 12 August 2014 [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), save in respect of the Conditions which are extracted from the Base Prospectus dated [8 February 2011] [and the supplement(s) to it dated [●]]. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms[,] [and] the Base Prospectus [and the supplement(s) dated [●]]. Copies of such Base Prospectus [and the supplement(s) to the Base Prospectus] are available free of charge to the public at the registered office of the Issuer, from the specified office of each of the Paying Agents and from the website of the Luxembourg Stock Exchange (www.bourse.lu).]

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

1. (i) Series Number: [●]
- (ii) Tranche Number: [●]
- (iii) Date on which the Covered Bonds [Not Applicable/The Covered Bonds shall be consolidated, become fungible: form a single series and be interchangeable for trading purposes with the [Provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [insert date/the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph 19 below [which is expected to

2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount: [●]
 [(i)] Series: [●]
 [(ii)] Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (i) Specified Denominations: [●]
(N.B. Covered Bonds must have a minimum denomination of EUR 100,000 (or equivalent))
(Note where multiple denominations above [€100,000] or equivalent are being used, the following sample wording should be followed:
“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000]”)
- (ii) Calculation Amount: [●]
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)
6. (i) Issue Date: [●]
 (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
7. (i) Final Maturity Date: [Fixed rate - specify date/Floating Rate - Interest Payment Date falling in or nearest to the relevant month and year]
 (ii) Extended Final Maturity Date [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling one year after the Final Maturity Date]]
 [If an Extended Final Maturity Date is specified and the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. See Condition 7 (Redemption and Purchase)
N.B. Zero Coupon Covered Bonds are not to be issued with an Extended Final Maturity Date unless otherwise agreed with the Dealers and the Trustee]
8. Interest Basis: [[●]% Fixed Rate]
 [[●]-month [currency] [LIBOR/EURIBOR] [+/-][●]% Floating Rate]
 [Zero Coupon]
(further particulars as to interest specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date (or, if applicable, Extended Final Maturity Date) at [●] per cent. of their nominal amount.

N.B. Certain Covered Bonds, including Zero Coupon Covered Bonds, may require a redemption price of more than or less than 100 per cent. of their nominal amount.

10. Put/Call Options:

[Not Applicable]
[Investor Put]
[Issuer Call]
[[*further particulars specified below*]]

11. [Date [Board] approval for issuance of Covered Bonds obtained:] [●] [and [●], respectively]

(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Fixed Rate Covered Bond Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate[(s)] of Interest:

[●] per cent. per annum payable in arrear on each Interest Payment Date

(ii) Interest Payment Date(s):

[●] in each year up to and including the Final Maturity Date (or, if applicable, the Extended Final Maturity Date) [adjusted in accordance with paragraphs 13(iii) and 13(viii) below]

(iii) Business Day Convention

[Not Applicable/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(iv) Business Day(s)

[●]

(v) Additional Business Centre(s)

[●]

(vi) Fixed Coupon Amount[(s)]:

[●] per Calculation Amount

(Applicable to Covered Bonds in definitive form)

(vii) Broken Amount(s):

[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]

(Applicable to Covered Bonds in definitive form)

(viii) Day Count Fraction:

[30/360 or Actual/Actual [(ICMA/ISDA)]]

(ix) [Determination Dates:

[[●] in each year / Not Applicable]

(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. This will need to be amended in the case of regular interest payment dates which are not of equal durations. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))

13. Floating Rate Covered Bond Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Interest Period(s):

[[●] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment as the Business Day Convention in (iv) below is specified to be Not Applicable]]

(ii) Specified Interest Payment Dates:

[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment as the Business Day Convention in (iv) below is specified to be Not Applicable]]

(iii) First Interest Payment Date:

[●]

- (iv) Business Day Convention: [Not Applicable/ Floating Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (v) Business Day(s) [●]
- (vi) Additional Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [●]
- (ix) Screen Rate Determination:
- Reference Rate: [[●-month [currency] LIBOR/EURIBOR]
 - Interest Determination Date(s): [●] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR or EURIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*
N.B. Specify the Interest Determination Date(s) up to and including the Extended Final Maturity Date, if applicable
 - Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (x) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
- (xi) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [[●] per cent.] per annum
- (xiv) Maximum Rate of Interest: [[●] per cent.] per annum
- (xv) Day Count Fraction: [Actual/Actual (ICMA)
Actual/Actual
Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
360/360
Bond Basis
30E/360
Eurobond Basis
30E/360 (ISDA)]

14. **Zero Coupon Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [[●] per cent.] per annum
 - (ii) Reference Price: [●]
 - (iii) Business Day Convention: [Not Applicable/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
 - (iv) Business Day(s): [●]
 - (v) Additional Business Centre(s): [●]
 - (vi) Day Count Fraction in relation to Early Redemption Amounts and late payments: [Conditions [7.5(ii)] (*Redemption and Purchase - Early Redemption Amounts*) and [7.8(ii)] (*Redemption and Purchase - Late Payment*)] apply][30/360/Actual/360/Actual/365]/[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

15. **Issuer Call** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Covered Bond: [●] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period (if other than as set out in the Conditions) [●] days

(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)

16. **Investor Put** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Covered Bond: [●] per Calculation Amount
 - (iii) Notice period: [●]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)*

17. **Final Redemption Amount of each Covered Bond** [●] per Calculation Amount

18. **Early Redemption Amount**
 Early Redemption Amount(s) per [●] per Calculation Amount

Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- 19. Form of Covered Bonds: **[Bearer Covered Bonds:**
[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]]
(N.B. The exchange upon notice should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")
[Registered Covered Bonds:
Registered Covered Bonds registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg / a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- 20. New Global Covered Bond: [Yes/No]
- 21. Additional Financial Centre(s): [Not Applicable/give details]. *Note that this item relates to the date and place of payment, and not interest period end dates]*
- 22. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [No/Yes. As the Covered Bonds have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]

THIRD PARTY INFORMATION

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

Signed on behalf of Piraeus Bank S.A. as Issuer:

By:

Duly Authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading and admission to listing: [Not Applicable][Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Covered Bonds to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of [the Luxembourg Stock Exchange with effect from [●]. [Not Applicable.]
(Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

Ratings:

The Covered Bonds to be issued [[have been]/[are expected to be]] rated as follows:][The following ratings reflect ratings assigned to Covered Bonds of this type issued under the Programme generally:]
[Fitch: [●]]
[[Other]: [●]]
[insert legal names of the relevant credit rating agency entity(ies) and associated defined terms]

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

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

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

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

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

4. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: [●] / [Not Applicable]

5. HISTORIC INTEREST RATES: (Floating Rate Covered Bonds only).

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

6. OPERATIONAL INFORMATION

ISIN Code:

[●]

Common Code:

[●]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)]

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

[●]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper [*include this text for registered Covered Bonds*]] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*Include this text if “yes” selected in which case the bearer Covered Bonds must be issued in NGCB form*]

No. Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper [*include this text for registered Covered Bonds*]]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

(i) Method of distribution:

[Syndicated/Non-syndicated]

(ii) If syndicated, name of managers:

[Not Applicable]/[●]

(iii) Stabilisation Manager(s) (if any):

[Not Applicable]/[●]

(iv) If non-syndicated, name of relevant Dealer:

[Not Applicable]/[●]

(v) Date of Subscription Agreement:

[Not Applicable]/[●]

INSOLVENCY OF THE ISSUER

The Greek Covered Bond Legislation contains provisions relating to the protection of the Covered Bondholders and other Secured Creditors upon the insolvency of the Issuer.

In the event of insolvency of the Issuer, the Greek Covered Bond Legislation provides that the Cover Pool will at all times remain segregated from the insolvency estate of the Issuer until payment of any amounts due to the Covered Bondholders and other Secured Creditors has been made in full. Upon registration of the Registration Statements with the public registry, the issue of the Covered Bonds, the creation of the Statutory Pledge and the security *in rem* governed by foreign law (including pursuant to the Deed of Charge), the payments to Covered Bondholders and other Secured Creditors and the entry into of any agreement relating to the issue of Covered Bonds will not be affected by the commencement of insolvency proceedings in respect of the Issuer. All collections from the Cover Pool Assets shall be applied solely towards payment of amounts due to the Covered Bondholders and other Secured Creditors.

Pursuant to the Greek Covered Bond Legislation, both before and after the commencement of insolvency proceedings in respect of the Issuer, the Cover Pool may be autonomously managed until full payment of the amounts due to the Covered Bondholders and the other Secured Creditors has been made. To ensure continuation of the servicing in the event of insolvency of the Issuer acting as the Servicer the Greek Covered Bond Legislation provides that the Transaction Documents may provide for the substitution of the Servicer by the Trustee upon the insolvency of the Issuer.

In the event that no Replacement Servicer is appointed by the Trustee pursuant to the Transaction Documents, continuation of the servicing is ensured as follows: In the event of the Issuer's insolvency under Greek Law 4261/2014, including the appointment of an administrator (*Epitropos*) in accordance with article 137, the order by the Bank of Greece of any other resolution measure in accordance with article 139 or the placing into liquidation in accordance with article 145, the Bank of Greece may appoint a servicer to carry out the servicing of the Cover Pool, if the Trustee fails to do so. Such person may either be (a) an administrator or a liquidator (under such articles 137 or 145, respectively) (and, in such event, servicing of the Cover Pool will be included in the administrator or liquidator's general powers over the Issuer's assets); or (b) irrespective of, or in addition to, the appointment of such persons, a person specifically carrying out the servicing of the Cover Pool. Any such person appointed as described in paragraph (a) or (b) above shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed.

Any of the aforementioned parties performing the role of the servicer will be required to treat the Cover Pool as a segregated pool of assets on the basis of the segregation provisions of Article 152 and in accordance with the Servicing and Cash Management Deed, the terms of which, including, *inter alia*, the termination, substitution and replacement provisions, will at all times apply.

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate and financing purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

OVERVIEW OF THE GREEK COVERED BOND LEGISLATION

The following is an overview of the provisions of the Greek Covered Bond Legislation relevant to the transactions described in this Base Prospectus and of which prospective Covered Bondholders should be aware. The summary does not purport to be, and is not, a complete description of all aspects of the Greek legislative and regulatory framework pertaining to covered bonds and prospective Covered Bondholders should also read the detailed information set out elsewhere in this Base Prospectus.

Introduction

The transactions described in this Base Prospectus are the subject of specific legislation, the Greek Covered Bond Legislation. As mentioned elsewhere in the Base Prospectus, the Greek Covered Bond Legislation includes Article 152 of Greek Law 4261/2014 (such law being published in the Government Gazette No. 107/A/5-5-2014 and dealing with, *inter alia*, the capital adequacy of investment firms and credit institutions, by implementation of Directive 2013/36/EU) (defined elsewhere in this Base Prospectus collectively as **Article 152**) (which constitutes a repetition of article 91 of Greek Law 3601/2007 that has been abolished by Greek Law 4261/2014) and the Act of the Governor of the Bank of Greece No. 2598/2007 entitled “Regulatory framework for covered bonds issued by credit institutions” and published in the Government Gazette No. 2236/B/21-11-2007, as amended and restated by the codifying Act of the Governor of the Bank of Greece No. 2620/2009 (published in the Government Gazette No. 2107/B/29-9-2009) (defined elsewhere in this Base Prospectus collectively as the **Secondary Greek Covered Bond Legislation**). The Greek Covered Bond Legislation has been enacted, with a view, *inter alia*, to complying with the standards of article 22(4) of Directive 85/611/EEC, and entitles credit institutions to issue (directly or through a special purpose vehicle) covered bonds with preferential rights in favour of the holders thereof and certain other creditors over a cover pool comprised by certain assets discussed in further detail below.

The provisions of the Greek Covered Bond Legislation that are relevant to the Programme may be summarised as follows:

Article 152

Credit institutions may issue Covered Bonds pursuant to the provisions of Article 152 and the general provisions of Greek law on bonds (articles 1-9, 12 and 14 of Greek Law 3156/2003).

In deviation from the Greek general bond law provisions, the bondholders’ representative (also referred to as the trustee) may be a credit institution or a related company of a credit institution entitled to provide services in the European Economic Area. Unless otherwise set out in the terms and conditions of the bonds the trustee is liable towards bondholders for wilful misconduct and gross negligence.

Under the Programme, it may be provided that various Series of Covered Bonds may share the same security and more than one trustee may be appointed.

Cover Pool – composition of assets

Paragraph 3 of Article 152 provides that the assets forming part of the cover pool may include receivables deriving from loans and credit facilities of any nature and, on a supplementary basis, receivables deriving from derivative financial instruments (such as, but not limited to, receivables deriving from interest rate swaps contracts), deposits with credit institutions and securities, as specified by a decision of the Bank of Greece.

Following the aforementioned authorisation, the Bank of Greece has defined, in the Secondary Covered Bond Legislation, the cover pool eligible assets as follows:

- (a) certain eligible assets set out in paragraph 8(b) of Section B of the Act of the Governor of the Bank of Greece No. 2588/20-8-2007 (on the “Calculation of Capital Requirements for Credit Risk

according to the Standardised Approach”), as amended by the Act of the Executive Committee of the Bank of Greece No 7/10-1-2013, including, *inter alia*, claims deriving from loans and credit facilities of any nature secured by residential real estate;

- (b) derivative financial instruments satisfying certain requirements as to the scope thereof and the capacity of the counterparty;
- (c) deposits with credit institutions (including any cash flows deriving therefrom) provided that such deposits comply with paragraph 8(b)(iv) of Section B of the Act of the Governor of the Bank of Greece No 2588/20-8-2007; and
- (d) Marketable Assets, as referred to below.

Loans that are in arrears for more than 90 days shall not be included in the Cover Pool for the purposes of the calculations required under the Statutory Tests.

The Bank of Greece has also set out requirements as to the substitution and replacement of cover pool assets by other eligible assets (including, *inter alia*, marketable assets, as defined in the Act of the Monetary Policy Council No. 54/27-2-2004, as in force).

Benefit of a prioritised claim by way of statutory pledge

Claims comprised in the cover pool are named in a document (defined elsewhere in this Base Prospectus as a Registration Statement) signed by the issuer and the trustee and registered in a summary form including the substantial parts thereof, in accordance with article 3 of Greek Law 2844/2000. The form of the Registration Statement has been defined by Ministerial Decree No. 95630/8-9-2008 (published in the Government Gazette No 1858/B/12-9-2008) of the Minister of Justice. Receivables forming part of the cover pool may be substituted with others and receivables may be added to the cover pool in the same manner.

Holders of covered bonds and certain other creditors having claims relating to the issuance of the covered bonds (such as, *inter alios*, the trustee, the servicer and financial derivatives counterparties) named as secured creditors in the terms and conditions of the covered bonds are secured (by operation of paragraph 4 of Article 152) by a statutory pledge over the cover pool, or, where a cover pool asset is governed by foreign law, by a security *in rem* created under applicable law.

With respect to the preferential treatment of covered bondholders and other secured creditors and pursuant to paragraph 6 of Article 152, claims that are subject to the statutory pledge rank ahead of claims referred to in article 975 of the Greek Code of Civil Procedure (a general provision of Greek law on creditors’ ranking) (CCP), unless otherwise set out in the terms and conditions of the covered bonds. In the event of bankruptcy of the issuer, covered bondholders and other creditors secured by the statutory pledge shall be satisfied in respect of the portion of their claims that is not paid off from the cover pool in the same manner as unsecured creditors from the remaining assets of the issuer.

To ensure bankruptcy remoteness of the assets in the cover pool, paragraph 7 of Article 152 provides that upon registration of the Registration Statement with the public registry, the validity of the issue of the covered bonds, the creation of the statutory pledge and the security *in rem* governed by foreign law, if any, the payments to covered bondholders and other creditors secured by the statutory pledge, as well as the entry into any agreement relating to the issue of covered bonds may not be affected by the commencement of insolvency proceedings within the meaning of Greek Law 3458/2006, implementing into Greek Law the Directive 2001/24/EC, in respect of the issuer.

Paragraph 8 of Article 152 safeguards the interests of covered bondholders and other secured creditors in providing that assets included in the cover pool may not be attached/seized nor disposed by the issuer without the written consent of the trustee, unless otherwise set out in the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 deals with the servicing of the cover pool. In particular, it provides that the terms and conditions of the covered bonds may specify that either from the beginning or following the occurrence of certain events, such as, but not limited to, the commencement of insolvency proceedings in respect of the issuer, the trustee may assign to third parties or carry out itself the collection of and, in general, the servicing of the cover pool assets by virtue of an analogous application of the Greek provisions on servicing applicable to securitisations (paragraphs 14 through 16 of article 10 of Greek Law 3156/2003).

Paragraph 9 of Article 152 also provides that the trustee may also, pursuant to the terms and conditions of the bonds and the terms of its relationship with the bondholders, sell and transfer the assets forming part of the cover pool either by virtue of an analogous application of articles 10 and 14 of Greek Law 3156/2003 concerning securitisation of receivables or pursuant to the general legislative provisions and utilise the net proceeds from the sale to pay the claims secured by the statutory pledge, in deviation from articles 1239 and 1254 of the Greek Civil Code on enforcement of pledges and any other legislative provision to the contrary. For the purposes of facilitating the transfer pursuant to the above mentioned securitisation provisions of Greek Law 3156/2003, but in deviation from paragraph 2 of article 10 of Greek Law 3156/2003 the transferor shall not be required to have a permanent establishment in Greece.

In the event of the issuer's insolvency the Bank of Greece may appoint a servicer, if the trustee fails to do so. Sums deriving from the collection of the receivables that are covered by the statutory pledge and the liquidation of other assets covered thereby are required to be applied towards the payment of the covered bonds and other claims secured by the statutory pledge pursuant to the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 also deals with banking secrecy and personal data processing. In particular, it provides that the provisions of paragraphs 20 through 22 of article 10 of Greek Law 3156/2003 that regulate these issues in the securitisation transactions shall apply *mutatis mutandis* to the sale, transfer, collection and servicing, in general, of the assets constituting the cover pool.

Paragraph 11 of Article 152 confirms that covered bonds may be listed on a regulated market within the meaning of paragraph 10 of article 2 of law 3606/2007 (published in the Government Gazette No. 195/A/17-8-2007), as in force, and paragraph 14 of article 4 of Directive 2004/39/EC and offered to the public pursuant to applicable provisions.

Article 152 authorises the Bank of Greece to deal both with specific issues, such as, the definition of the cover pool, the ratio between the value of the cover pool assets and that of covered bonds, the method for the evaluation of cover pool assets and requirements to ensure adequacy of the cover pool and any details in general for the implementation of Article 152.

The Secondary Covered Bond Legislation

The Secondary Greek Covered Bond Legislation has been issued by the Bank of Greece by virtue of authorisations given by Article 152 as aforesaid. To this effect, the Secondary Greek Covered Bond Legislation sets out requirements for the supervisory recognition of covered bonds, including, requirements as to the issuer's risk management and internal control systems; requirements as to a minimum amount of regulatory own funds on a consolidated basis and capital adequacy ratio; definition and eligibility criteria as to the initial cover pool and the substitution and replacement of cover pool assets; requirements in respect of the ratio between the value of the cover pool assets and the value of covered bonds, the ratio between the net present value of liabilities under the covered bonds and the net present value of the cover assets, the ratio between interest payments on covered bonds and interest payments on cover pool assets and the revaluation of the value of the real estate property mortgaged; requirements for the performance of quarterly reviews by the servicer and annual audits thereof by independent chartered accountants; requirement to appoint a trustee; provisions regarding measures to be taken in the event of insolvency procedures in respect of the issuer; procedures for the submission of documents to obtain approval by the Bank of Greece in respect of

the issuance of covered bonds; provisions relating to the position weighting of covered bonds; and data reporting and disclosure requirements.

PIRAEUS BANK S.A.

The following overview should be read in conjunction with, and is qualified in its entirety by, the more detailed information and the financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in this Base Prospectus.

1. Overview of Piraeus Bank and the Piraeus Bank Group

Piraeus Bank was incorporated in Greece on 6 July 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution under the Codified Law 2190/1920 and Law 4261/2014, each as in force. Piraeus Bank is a company limited by shares (*société anonyme*) with the legal name “Piraeus Bank Société Anonyme”. It is registered in Greece with the General Commercial Registry of the Ministry of Development Competitiveness, Infrastructure, Transportation and Networks Under No. 225501000 (ex number 6065/06/B/86/04 of Companies' Registry) (number 6065/06/B/86/04) and has its registered office at 4 Amerikis Str., 10564 Athens, Greece (telephone +30 210 333 5000). It has been listed on the Athens Exchange (**ATHEX**) since 1918, and is subject to the regulation and supervision by the Bank of Greece as well as the Hellenic Capital Market Commission. Piraeus Bank's commercial name is “Piraeus Bank”. The duration of Piraeus Bank as determined by its Articles of Association has been extended to terminate on 6 July 2099.

Piraeus Bank is the flagship company of the Piraeus Bank Group of Companies (the **Group**, the **Piraeus Bank Group** or the **Piraeus Group**) and the direct parent of the majority of the subsidiaries comprising the Piraeus Group.

Piraeus Bank is a universal bank and leads a group of companies covering all types of financial and banking activities in the Greek market. Piraeus Group possesses particular know-how in the areas of small and medium-sized enterprises (**SMEs**), retail banking, corporate banking, project finance, leasing, capital markets, investment banking and provides services in asset management bancassurance. After the acquisition of ATEbank, Piraeus Bank is the leading financial provider of loans to Greek farmers, facilitating operations that are subsidised by the EU and that offer great potential for deposit-gathering and cross-selling. Piraeus Bank offers services through a nationwide network and also through the electronic banking network *winbank* (**Winbank**). The latter offers a full set of services through four different distribution channels: the internet, mobile phones, a call centre and ATMs. The excellent level of service provided by Winbank has attracted a significant number of awards and distinctions.

Both Piraeus Bank and the Piraeus Group, as a whole, have developed significantly over the last 20 years, both through organic growth and acquisitions, and Piraeus Bank is now the largest bank in Greece in terms of assets, loans and deposits.

Since July 2012, Piraeus Bank has acquired four banking businesses in Greece, against the backdrop of the on-going restructuring and consolidation of the Greek banking sector. The acquisitions, which include the following transactions, have significantly expanded Piraeus Bank's operations:

- (i) the July 2012 acquisition of selected assets (including only loans which were performing as at the acquisition date) and the related liabilities of ATEbank (not the entire entity itself);
- (ii) the December 2012 acquisition of Geniki Bank S.A. (**Geniki**), Société Générale's Greek subsidiary (**Geniki Acquisition**);

- (iii) the March 2013 acquisition of all deposits, loans and branches of the Greek operations of three Cyprus-based banks, namely Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the loans and deposits of the subsidiaries of these banks in Greece (together, the **Cypriot Banks** and their acquisition, **the Cypriot Acquisitions**); and
- (iv) the June 2013 acquisition of Millennium Bank Greece (**MBG**), the Greek subsidiary of Banco Comercial Portugues S.A. (**BCP**), Portugal's largest bank (**MBG Acquisition**),

collectively in this Base Prospectus defined as **Acquisitions** in reference to the transactions, and the **Acquired Business** in reference to the acquired entities or assets and liabilities of specified activities.

It should be noted that the Geniki Acquisition and the MBG Acquisition did not lead to an automatic transfer of the loans of Geniki Bank S.A. and MBG to Piraeus Bank. The loans were acquired from MBG when the merger with Piraeus Bank took place in December 2013. The merger with Geniki, and consequent acquisition of Geniki's loan book, is planned to be completed in the coming months.

In terms of international presence, Piraeus Bank Group is active in seven countries of the broader region of South-eastern Europe (**SEE**) and the Eastern Mediterranean (i.e. Bulgaria, Romania, Serbia, Albania, Ukraine, Cyprus and Egypt), while it is also present in the financial centres of London and Frankfurt. As at 31 March 2014, Piraeus Bank Group (excluding MBG), had a network of 1,374 branches (964 in Greece and 410 abroad) and employed 22,402 people, while its total assets amounted to €89.5 billion.

As of 31 December 2013 and 31 March 2014, the share capital of Piraeus Bank amounted to €2,271,770,384.28, divided into 5,072,567,951 dematerialised registered ordinary shares with voting rights of a nominal value of €0.30 per share; 77,568,134 Special Preference Shares without voting rights of a nominal value of €4.77 per share, issued in accordance with Law 3723/2008; and 1,266,666,666 Special Preference Shares without voting rights of a nominal share value of €0.30 per share, issued in accordance with Law 3723/2008. It is noted that all the Special Preference Shares held by the Hellenic Republic were fully redeemed by Piraeus in May 2014. On 31 December 2013, the total number of shareholders were 164,000 and the total number of ordinary shares was 5,072,567,951 out of which 81 per cent. were held by the Hellenic Financial Stability fund (**HFSF**), 3 per cent. were held by individuals and the remaining 16 per cent. by legal entities. On 31 March 2014, the total number of shareholders were 167,000 and the total number of ordinary shares was 5,072,567,951, of which 81 per cent was held by the HFSF, 2 per cent. were held by individuals and 17 per cent. by legal entities. Following the share capital increase concluded in mid-April 2014, the number of shares increased to 6,101,979,715, whereas HFSF's stake decreased from 81 per cent. to 67 per cent. as the entire capital injection came from the private sector.

As from 1 January 2005, Piraeus Bank prepares all its financial statements under International Financial Reporting Standards (**IFRS**), while, for comparability purposes, in 2004 financial statements were also prepared under IFRS. PricewaterhouseCoopers are the auditors for the annual financial statements. The quarterly financial statements prepared by Piraeus Bank under IFRS are unaudited.

2. Strategy

The Group aims to participate in the reconstruction of the Greek economy by financing creditworthy investment plans, providing liquidity to businesses and households and protecting the savings that the customers have entrusted to the Group.

Through the capital enhancement provided by the Recapitalisation Plan, the expansion through the Acquisitions, as well as the 2014 share capital increase, the Group is one of the leading credit institutions in the Greek banking market.

The key strategic priorities for the Group are:

- to maintain the leading position in the Greek market;
- to be the bank of choice for SMEs in Greece and one of the principal banks for medium-sized businesses, professionals and consumers in all of the countries in which it operates;
- to be among the leaders in selected markets in which it has a product and geographical presence, further developing products and services that present the Group with business opportunities, with an emphasis on agriculture banking, green banking and online banking;
- to provide a service of high quality to customers, with an emphasis on integrated service and innovation;
- to manage international activities, so that they are self-financed, profitable and independently capitalised;
- to deliver the expected cost and income synergies from the Acquisitions by fully integrating the businesses and companies that are acquired to the advantage of shareholders, customers and employees;
- to maintain a significant position in technological developments in financial services and electronic banking applications;
- to provide support to employees, taking into account the recent changes to the Group;
- to contribute to the economic recovery of Greece, through providing banking services to households and businesses and financing projects that contribute to sustainable economic growth; and
- to combine profitability with corporate and social responsibility.

In the short- to medium-term, Piraeus Bank has adapted its strategy to overcome the current economic conditions in Greece and the significant market volatility and has set priorities including capital enhancement, efficient integration of acquired businesses, strengthening of its balance sheet, safeguarding asset quality and loan diversification, preserving adequate liquidity and managing operating costs.

Neither Piraeus Bank nor any other member of Piraeus Group has entered into any contract outside the ordinary course of its business which could result in any Piraeus Group member being under an obligation or entitlement that is material to Piraeus Bank's ability to meet its obligations to the holders of Covered Bonds under the Programme.

3. Piraeus Bank Group Organisational Structure

The Greek financial services sector has historically been characterised by the presence of specialised companies established around a principal bank. In a similar manner, the Piraeus Bank Group is comprised of Piraeus Bank and its subsidiaries. Piraeus Bank is not dependent upon any other entities within the Group.

The following diagram summarises the divisional structure of the principal direct and indirect subsidiaries of Piraeus Bank as at 31 March 2014:

Piraeus Bank Group				
Commercial Banking	Investment Banking	Asset Management	Bancassurance	Non-Financial Companies
Tirana Bank I.B.C. S.A. (98%) Piraeus Bank Romania S.A. (100%) Piraeus Bank Beograd A.D. (100%) Piraeus Bank Bulgaria A.D. (100%) JSC Piraeus Bank ICB (100%) Piraeus Bank Cyprus LTD (100%) Geniki Bank S.A. (100%) Piraeus Bank Egypt SAE (98%) Piraeus Leases S.A. (100%) Geniki Leasing S.A. (100%)* Piraeus Factoring S.A. (100%) Piraeus Leasing Romania S.R.L. (100%) Tirana Leasing S.A. (100%) Piraeus Egypt Leasing Co. (100%) Piraeus Leasing Bulgaria EAD (100%) Piraeus Leasing DOO Beograd (100%) Olympic Commercial & Tourist Enterprises S.A. (94%)	Piraeus Securities S.A. (100%)	Piraeus Asset Management Mutual Funds S.A. (100%) Piraeus Asset Management Europe S.A. (100%) Piraeus Group Capital LTD (100%) Piraeus Group Finance PLC (100%) Piraeus Wealth Management S.A. (65%)** ABG Mutual Fund Management Company S.A. (100%)**	Piraeus Insurance and Reinsurance Brokerage S.A. (100%) Piraeus Insurance Agency S.A. (100%) Piraeus Insurance – Reinsurance Broker Romania S.R.L. (100%) Piraeus Insurance Brokerage EOOD (100%) Piraeus (Cyprus) Insurance Brokerage Ltd (100%)	Piraeus Direct Services S.A. (100%) Piraeus Real Estate S.A. (100%) Picar S.A. (100%) ETVA Industrial Parks S.A. (65%)

*As of 31 December 2013, Geniki Leasing S.A. was absorbed by its parent company, Piraeus Leases S.A., which is a wholly-owned subsidiary of Piraeus Bank.

**As of 21 June 2013, ABG Mutual Fund Management Company S.A. merged with Piraeus Asset Management Mutual Funds S.A., which is a wholly-owned subsidiary of Piraeus Bank.

***As of 17 June 2014, Piraeus Wealth Management S.A. was absorbed by its 100% parent company, Piraeus Bank S.A.

4. Ownership of Piraeus Bank

In 2013, following the successful recapitalisation of Piraeus Bank as announced on 28 June 2013, the private sector subscription amounted to €1,444 billion and the HFSF held 81 per cent. of the total number of voting shares of Piraeus Bank at that time. The exercise of voting rights in relation to these shares is subject to the provisions stipulated in article 7a of Law 3864/2010.

Following Piraeus Bank's share capital increase, with payment in cash, which was completed in April 2014, the total number of shareholders was 167,000 corresponding to a total of 6,101,979,715 ordinary shares, 67 per cent. of which was held by the HFSF, 3 per cent. of which were held by individuals and the remaining 30 per cent. by legal entities, as shown in more detail below:

- 67% HFSF
- 28% Foreign institutional investors
- 2% Greek institutional investors
- 3% Individual shareholders

In addition, Piraeus Bank has issued in total 1,344,234,800 non-voting Special Preference Shares (77,568,134 issued on 14 May 2009 of a nominal value €4.77 each, and 1,266,666,666 issued on 30 December 2011 of a nominal value €0.30 each) under Law 3723/2008 which are held entirely by the Greek State. These shares were redeemed on 21 May 2014 following the successful share capital increase of €1,750 million.

Piraeus Bank is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of Piraeus Bank.

5. Management of Piraeus Bank

The General Meeting of the Shareholders is ultimately the governing body of Piraeus Bank entitled to elect the Board of Directors. The Board of Directors is the managerial body of Piraeus Bank and consists of executive and non-executive members, while three of the non-executive members are also independent, in accordance with the provisions of law 3016/2002 regarding corporate governance. The Board of Directors represents Piraeus Bank and has unlimited authority to decide on any issue in relation to Piraeus Bank's management, the management of Piraeus Bank's assets and satisfaction of Piraeus Bank's objectives, in general. The Board of Directors is not entitled to decide on any issue which falls into the exclusive jurisdiction of the General Meeting according to the Articles of Association of Piraeus Bank or the law. Mr. Athanasios Tsoumas has been appointed by the Hellenic Republic as its Representative by virtue of article 1 of Law 3723/2008 (the **Hellenic Republic Representative**). Ms. Ekaterini Beritsi has been appointed by the HFSF as its representative by virtue of Law 3864/2010 (the **HFSF Representative**).

The current composition of Piraeus Bank's Board of Directors, following the Board of Directors meeting of 30 May 2014, is shown below:

Michalis Sallas, Chairman of the Board of Directors, Non-Executive Member

Iakovos Georganas, father's name Georgios, first Vice Chairman, Non-Executive Member

Panagiotis Roumeliotis, father's name Vassilios, Vice Chairman, Non-Executive Member

Stavros Lekkakos, father's name Michael, Managing Director & CEO, Executive Member

Anthimos Thomopoulos, father's name Konstantinos, Managing Director & CEO, Executive Member

Chariklia Apalagaki, father's name Andreas, Authorized Executive Director, Executive Member

Georgios Alexandridis, father's name Paraschos, Independent Non-Executive Member

Eftyhios Vassilakis, father's name Theodoros, Non-Executive Member

Stylios Golemis, father's name Dimitrios, Independent Non-Executive Member

Vassilios Fourlis, father's name Stylios, Non-Executive Member

Argyro Athanasiou, father's name Athanasios, Independent Non-Executive Member

Chariton Kyriazis, father's name Dimitrios, Independent Non-Executive Member

Petros Pappas, father's name Alexandros, Independent Non-Executive Member

Representative of the Greek Government pursuant to Law 3723/2008

Athanasios Tsoumas, father's name Andreas

Representatives of the Greek Financial Stability Fund pursuant to Law 3864/2010

Ekaterini Beritsi, father's name Konstantinos

Other than as disclosed above, no Executive Member, Non-Executive Vice Chairman or Non-Executive Member has any activities outside Piraeus Bank which are significant with respect to Piraeus Bank.

Piraeus Bank is not aware of any potential conflicts of interest between the duties towards Piraeus Bank of the persons listed above and their private interests or other duties.

The business address of each person identified above is 4 Amerikis Street, 10564 Athens, Greece.

6. Activities of the Piraeus Bank Group

The Piraeus Bank Group, either through Piraeus Bank or its subsidiaries, provides a wide variety of banking products and services to retail customers and corporate clients. The Group is active in retail banking, corporate banking, project finance, shipping, investment banking and e-banking, and provides services in equity brokerage, asset management and bancassurance.

6.1 Retail Banking and Branch Network

Retail banking is conducted by Piraeus Bank through the branch network and alternative delivery channels, such as the online banking platform, Winbank. The Group offers retail customers a number of different types of deposit, credit and investment products, including savings accounts, current accounts and time deposits, investment products, consumer and mortgage lending, credit cards, bancassurance products and insurance brokerage.

6.1.1 Deposit Products

Piraeus Bank offers a wide range of deposit and investment products suitable for individual clients as well as for corporate clients, in euro and other major foreign currencies. Deposits of the Group amounted to €54.3 billion at 31 December 2013, including deposits of all Acquisitions, while at 31 March 2014 they amounted to €54.6 billion. The deposits related to the Group's international activities as of 31 March 2014 amounted to €4.8 billion.

The Group's policy is to maintain customer deposits through effective management of funding costs, while seeking to expand the number of customers and the adjustment of the product portfolio to the customers' needs, in accordance with market trends.

Deposits (on a consolidated basis) Amounts in EUR million	31 March 2014	31 December	
		2013	2012
Savings deposits.....	12,283	12,870	10,715
Sight and other deposits.	9,595	9,337	6,402
Term deposits	32,731	32,072	19,854
Total customer deposits and retail bonds	54,609	54,279	36,971

6.1.2 Mortgage and Consumer Credit

In light of the economic crisis, the Group has placed a greater emphasis on credit policy criteria with respect to new consumer and mortgage loans.

The total portfolio of consumer credit products in Greece, including mortgages, consumer and personal loans, consumer goods financing, credit cards and other consumer products, amounted to €23.9 billion as at 31 March 2014 compared to €24.1 billion as at 31 December 2013 (representing 36 per cent. of the consolidated loan portfolio in Greece as at 31 March 2014) and €16.0 billion as at 31 December 2012 (including only ATEbank and Geniki Bank).

Mortgage loans in Greece amounted to €17.4 billion at the end of 2013 including all Acquisitions, while at 31 December 2012 the domestic mortgage portfolio stood at €12.0 billion and, in terms of acquisitions, included only ATEbank and Geniki Bank. The Group's consumer loan portfolio in Greece amounted to €6.8 billion as

at 31 December 2013 and €4.0 billion as at 31 December 2012. As of 31 March 2014, the mortgage loans portfolio amounted to €17.2 billion and the consumer loan portfolio to €6.6 billion.

The adverse economic situation has had an impact on the number of credit cards in circulation, and also on the total turnover realised through such cards, leading to the further contraction of this particular market. The Group remains one of the main credit card issuers in Greece, having placed into circulation more than 542,000 credit cards.

Consumer Credit (on a consolidated basis)	As at 31	As at	
Amounts in EUR million	March	31 December	
	2014	2013	2012
Consumer Loans.....	6,645	6,756	4,049
Mortgage Loans	17,240	17,392	11,987
Totals.....	23,885	24,148	16,036

6.1.3 *Other Retail Banking Services*

6.1.3.1 *Bancassurance and Insurance Brokerage*

Piraeus Insurance Agency S.A., together with Piraeus Insurance and Reinsurance Brokerage S.A., form the single arm of insurance mediation services, aimed at fully covering the insurance needs of the Group's customers. Piraeus Insurance Agency S.A. offers a broad range of general insurance and life insurance services and products, covering vehicle insurance, property insurance, third party civil liability, life and health insurance plans and policies, retirement and pension plans, personal accident cover, leisure craft insurance and legal protection plans. Piraeus Insurance Agency S.A. also engages in insurance and reinsurance brokerage activities for all types of insurance policies. As at 31 March 2014, the total managed portfolio amounted to €125.2 million as compared to €216 million in 2013 and €200 million in 2012.

6.1.3.2 *Winbank, e-banking*

Within 14 years of operation, Winbank (the first integrated platform for web banking in Greece) has become a strategic pillar for the future development of Piraeus Bank, as it has been repeatedly described by Piraeus Bank's management. Continuing the success of the previous years, in 2013 Winbank received several awards, both domestically and internationally.

In 2013, Winbank was made available to the customers of all Acquired Businesses. The number of registered Winbank users increased by 35 per cent. in 2013. Winbank users accounted for a significant percentage of Piraeus Bank's total customers in Greece as at the end of 2013, 17 per cent. as at the end of 2012 and 17 per cent. as at the end of 2011. In 2013, 74 per cent. of transfers, 70 per cent. of capital flows within Piraeus Bank and 63 per cent. of capital market operations were carried out through Winbank. At the same time, the services provided were further improved and developed, including the "easypay", "postal", "Winbank direct click-to-chat service" and customer protection service. The value of transactions effected through easy pay services in 2013 increased by 179 per cent. while online car insurance operations increased by 180 per cent. Customer protection contracts increased by 86 per cent.

Mobile banking transactions increased considerably in 2013 by 165 per cent. compared to 2012, with a 38 per cent. increase in the number of active users of the service in 2013. The "Instant Cash" service, which allows customers to send cash through a web/phone/mobile/ATM application and receive it at an ATM, without a

card, is used by an increasing number of customers. The volume of "Instant Cash" transactions increased by 71 per cent. in 2013 compared to 2012, and the value of these transactions exceeded €17 million.

6.1.3.3 *Green business and green banking products*

In the last few years, there has been a significant shift of businesses away from traditional forms of investments and this has resulted in the surfacing of green entrepreneurship as a distinct sector of economic development.

The Group actively supports all of the key sectors of green entrepreneurship in response to challenges and requirements relating to climate change. Since 2006, the Group offers specially designed "green banking" products to support various areas of the environmental and renewable energy business sectors. As at 31 December 2013, approved credit limits stood at €1.6 billion and loan balances in relation to these business sectors stood at €1.1 billion. The respective figures for end 2012 were €1.3 billion and €0.9 billion.

6.1.3.4 *Agricultural Banking*

The 2012 ATEbank Acquisition has given the Group direct access to banking networks in rural and agricultural areas, which is a growing segment of the Greek banking market. Given the recession or stagnation in other economic activities, the financing of agricultural activities may become a significant growth area for the Group's operations.

As part of the Group's contribution to support and develop agriculture, the Group approved financing to OPEKEPE, a community organisation. The purpose of this financing is the timely payment of community aid granted by the European Union to Greek farmers. In this context, in December 2013 Piraeus Bank provided a loan of €1.9 billion to 660,000 Greek farmers which was paid back in February 2014. In addition, in 2013 Piraeus Bank participated in the Agricultural Entrepreneurship Fund and joined a Contract Farming funding programme acting as lender and coordinator. More than 3,000 producers have joined the above programme, under which credit limits of €54.5 million and disbursed €24.7 million had been approved as at 31 December 2013.

6.2 *Corporate and SMEs Banking*

In Greece, Piraeus Bank Group historically holds a strong position in providing financing services to businesses active in all sectors of the economy. Piraeus Bank is a well-established player in business lending and project finance, having a particular goal to be the main servicing bank of the SME market segment.

Piraeus Bank Group offers financing services to businesses that operate in all sectors of the economy through its branch network, large corporate and structured finance division, business centres, shipping banking division, subsidiary banks and subsidiary leasing and factoring companies.

Loans (on a consolidated basis) Amounts in EUR million	As at	
	2013	2012
Large Enterprises	26,841	11,136
SMEs	23,327	21,443
Total	<u>50,167</u>	<u>32,579</u>

As per the Greek operations of the Group, total loans and advances to businesses in Greece amounted to €42.8 billion as at 31 March 2014.

Leasing

Leasing activities are conducted through the subsidiary, Piraeus Leasing S.A. which engages in financial leasing of immovable property, machinery, professional vehicles and other types of assets.

In 2013, new operations amounted to €79 million, compared to €28 million in 2012, while leased assets including assets of Geniki Leasing amounted to €1,015 million as at 31 December 2013.

In 2013 Piraeus Leasing absorbed Geniki Leasing, while incorporating the leasing operations of the Cypriot carve-out the market share of Piraeus Group in this segment exceeds 40 per cent.

Factoring

The Piraeus Group has provided factoring services since 1998, including domestic factoring services such as debt collection, management and account monitoring and advancing of funds for companies' outstanding claims. Internationally, the Group offers export credit, credit risk coverage, monitoring services, management and debt collection services. Factoring services are provided through wholly owned subsidiary Piraeus Factoring S.A.

6.3 *Investment Banking*

6.3.1 *Capital Market Operations and Advisory Services*

Piraeus Bank has a significant presence in the capital markets of Greece and has acquired a large share of the securities underwriting market. Piraeus Bank is one of the leading advisory institutions on initial public offerings ("IPOs") and among the major underwriters in the Greek market. Piraeus Bank has also developed a strong presence in the areas of syndicated loan arrangements and bond issuances and offer consulting services for capital restructuring, company valuation, mergers and acquisitions and special financing for corporate clients.

Piraeus Bank and certain subsidiaries offer a wide range of capital markets and advisory services, including corporate finance advisory services, underwriting, equity and debt financing, stock brokerage, custodian services and wealth management. Piraeus Bank is also active in derivatives transactions in all major international capital markets.

Moreover, in 2013, Piraeus Bank offered financial advisory services to Thessaloniki Water and Sewage Company with respect to the international bid for the sale of the Hellenic Republic Asset Development Fund's (**HRADF**) 51 per cent. participation in the company. Piraeus Bank has also advised the Public Private Partnership (**PPP**) Secretariat of the Ministry of Finance in the context of a tender for the materialisation of a waste management programme in the prefecture of Macedonia. In addition, Piraeus Bank continued playing an important role in offering financial advisory services as part of implementing the Greek government privatisation programme.

6.3.2 *Stock Exchange Operations - Piraeus Securities S.A.*

Piraeus Securities S.A. is the Group's brokerage arm and, upon its establishment in 1990, was one of the first securities firms to become a member of the Athens Stock Exchange (**ATHEX**). The main activities of Piraeus Securities S.A. include intermediation services for the purchase and sale of Greek and foreign shares, derivative products and government and corporate bonds. In the area of derivatives, Piraeus Securities S.A. was the first stock brokering company to operate in Greece. Piraeus Securities S.A.'s network involved in stock exchange operations includes two branches (at Thessaloniki and Patras) and other associated brokerage offices. It also cooperates with most Greek and foreign institutional investors operating in Greece.

6.4 *Investment and Asset Management Activities*

6.4.1 *Piraeus Asset Management Mutual Funds*

Piraeus Asset Management Mutual Funds S.A. (**Piraeus Mutual Funds**) is Piraeus Bank's investment arm in the management of mutual funds and institutional investors and Piraeus Mutual Funds collaborates with international finance companies, such as Goldman Sachs Asset Management International, JP Morgan Asset Management, Pioneer Asset Management, ING Luxembourg, Pictet Funds Luxembourg and BNP Paribas Asset Management, while during 2014 it has expanded its foreign asset managers list with companies like BlackRock, Franklin Templeton, Schroder and Invesco.

During 2013 Piraeus Mutual Funds absorbed ABG Mutual Fund Management Company S.A. and undertook the management of the Mutual Funds previously managed by MBG Mutual Funds S.A.

In April 2013, Piraeus Bank agreed to purchase the mutual fund distribution business of Cyprus Popular Bank.

Piraeus Mutual Funds manages or represents 329 funds. Their total assets amounted to €530 million as at 31 December 2013, compared to €300 million as at 31 December 2012.

6.4.2 *Wealth Management*

Through the Group's wealth management professionals high net worth clients are provided with specialised services and a wide range of tailor-made deposit products, investment products, estate and tax planning. Piraeus Wealth Management S.A. was a subsidiary of Piraeus Bank until mid-2014 when it was absorbed by Piraeus Bank. Piraeus Bank gives customers access to world class wealth management services, both in Greece and abroad.

Funds under management amounted to €1.5 billion as at 31 December 2013 compared to 0.7 billion as at 31 December 2012.

6.4.3 *Venture Capital and Private Equity*

The Group's venture capital and private equity unit, together with Piraeus Equity Partners Ltd, has made investments in companies and projects in the technology, renewable energy and export production sectors in Greece including investments throughout 2013 in innovative start-up companies through its specialised vehicle "Piraeus Jeremie Technology Catalyst Fund".

6.5 *Treasury*

The Group's Treasury is responsible for the asset and liability management of the Group, the development and distribution of treasury products and management of liquidity requirements. Piraeus Bank Treasury has, since 1999, been an active primary dealer in the Greek government bond markets. The unit is also actively engaged in the sales and trading activities of Piraeus Bank's clientele, supporting business units by disseminating knowledge and developing competitive specialised financial products. Related treasury functions in international subsidiaries are overseen and continuously expanded under the supervision of the Group Treasury, enhancing product offering and ensuring a strong presence in the local markets.

6.6 *International Banking Activities*

As far as international activities are concerned, Piraeus Group has international presence in nine countries, five of which are EU members (Romania, Bulgaria, Cyprus, Germany and the UK). The four non-EU members are Albania, Serbia, Ukraine and Egypt. Apart from the banks operating in these countries, Piraeus Group has a significant number of subsidiaries in all of its countries of presence, which offer specialised financial services (leasing, insurance and investment services and real estate), thus expanding its customer base and adding value to the Group's image in the region.

As at 31 March 2014, the Group's international network was comprised of 410 branches compared to 412 in December 2013 and 449 in December 2012.

As at 31 December 2013, the total loan portfolio balance originating from international operations amounted to €7,050 million, while deposits amounted to €4,629 million. As at 31 March 2014 the total balance of loan portfolio originating from international operations amounted to €6,965 million, while deposits amounted to €4,809 million.

As at 31 December 2013, international activities accounted for 10 per cent. of assets, 28 per cent. of the network of branches and 26 per cent. of human resources. As at 31 March 2014 international activities accounted for 8 per cent. of assets and 31 per cent. of network at branches and 27 per cent. of employees.

The table below provides information on loans, deposits, branches and employees for the Group's international operations as at 31 March 2014 and 31 December 2012 and 2013:

Amounts in EUR million	As at	As at	
	31 March	31 December	
	2014	2013	2012
Loans	6,965	7,050	7,338
Deposits	4,809	4,629	4,559
Branches.....	410	412	449
Employees	5,948	5,952	6,232

6.6.1 *Piraeus Bank branch in London*

Piraeus Bank Group has had a presence in London since 1999. The London branch's key activities are:

- provision of deposit products combined with specialised personal banking services;
- provision of mortgage loans to Greek and UK citizens who live in the UK and seek to acquire real estate property locally, or in any other country where the Group is active;
- raising of capital;
- support of activities of Piraeus Bank and its subsidiaries.

6.6.2 *Piraeus Bank Romania S.A.*

Piraeus Bank Group has been present in Romania since 2000, and its network comprised 140 branches on 31 March 2014. It was established to provide banking services to Greek enterprises operating in Romania, but it quickly extended its services to local enterprises and households as well.

In 2013, Piraeus Bank Romania S.A. focused on maintaining the quality of its loan portfolio and on attracting deposits, on reducing expenses and improving operating performance and on restructuring its network by closing 27 branches, while another 20 other branches had been closed since 2010.

Upon the integration in July 2012, the activities of ATE Bank Romania S.A. were also transferred to the Group. On 18 December 2013, Piraeus Bank completed the sale of its entire stake in ATE Bank Romania S.A. (93.27 per cent.) for a consideration of €10.3 million.

As at 31 March 2014, customer deposits amounted to €1,058 million, compared to €1,027 million as at 31 December 2013 and €896 million as at 31 December 2012. The Group's loans before provisions in Romania amounted to €2,971.5 million as at 31 March 2014, compared to €2,988 million as at 31 December 2013 and €3,052 million as at 31 December 2012.

In Romania, the Group also provides financial leasing and insurance services through Piraeus Leasing Romania S.R.L. and Piraeus Insurance Reinsurance Brokerage Romania S.R.L.

6.6.3 *Tirana Bank IBC S.A.*

Tirana Bank IBC S.A. was founded in September 1996 and was the first privately owned bank in Albania. On 31 March 2014 it had 53 branches and is the fifth largest bank in the country in terms of loans.

In spite of the deterioration of the economic climate in Albania, Tirana Bank IBC S.A. has succeeded in increasing its deposit base by €18.8 million, continuing its operation as an independent unit not financed by Piraeus Bank.

As at 31 March 2014, customer deposits increased by 3 per cent. to €566 million from €522 million as at 31 December 2013 and €503 million as at 31 December 2011. Loans before provisions amounted to €377 million as at 31 March 2014, compared to €374 million as at December 2013, €414 million as at December 2012 and €435 million as at 31 December 2011.

It is noted that, apart from banking services, leasing services are offered through Tirana Leasing subsidiary, which has been operating in Albania since 2004.

6.6.4 *Piraeus Bank Bulgaria AD*

Piraeus Bank Bulgaria AD started operating in 1993, when a branch was set up in Sofia, making it the first foreign bank established in Bulgaria. Today, with an existing network of 83 branches, Piraeus Bank offers extensive geographical coverage of the country and is one of the major banks in Bulgaria. The Group's subsidiaries Piraeus Leasing Bulgaria EAD and Piraeus Insurance Brokerage EOOD also operate in the country. As at 31 March 2014, customer deposits amounted to €911 million, compared to €925 million in 2013 and €748 million in 2012 whereas loans before provisions amounted to €1,347 million as at 31 March 2014 compared to €1,352 million as at 31 December 2013 and €1,467 million as at 31 December 2012.

In 2013, Piraeus Bank Bulgaria AD focused on:

- maintaining its position in the local market in the country;
- preserving the range and quality of its customers;
- maintaining sufficient and stable financial ratios;
- reducing operating costs; and
- developing new deposit products with the aim of increasing deposits.

6.6.5 *Piraeus Bank Beograd AD*

Piraeus Bank entered the Serbian market in 2005 with the acquisition of Atlas Bank, later renamed Piraeus Bank Beograd AD. On 31 December 2013 it had 42 branches and provided a broad range of banking products to individuals and businesses.

As at 31 March 2014, customer deposits amounted to €265 million compared to €285 million as at 31 December 2013 and €307 million as at 31 December 2012, whereas loans before provisions amounted to €594 at the end of March 2014 compared to €611 million as at 31 December 2013 and €595 million as at 31 December 2012.

In 2013, Piraeus Bank particularly focused on expanding its depositor base, improving the quality of the services offered and providing products tailored to the Serbian market.

In addition to the above, the subsidiaries Piraeus Leasing Beograd and Piraeus Rent Doo Beograd have been operating in Serbia since 2007.

6.6.6 *JSC Piraeus Bank ICB*

Piraeus Bank began activities in the Ukraine in late 2007 with the acquisition of the local bank International Commerce Bank ICB. As at 31 March 2014, Piraeus Bank had 37 branches. Following the recent geopolitical tensions and due to the 2014 annexation of the Crimean peninsula by Russia, Piraeus Bank has already ceased the operations of nine branches residing in the region during the second quarter of 2014.

The current political crisis in Ukraine may place additional strain on the domestic banking sector. In this current political turmoil, operations in Ukraine focus on expanding the customer base, mainly through e-banking, reducing operating costs and systematically managing the quality of the loan portfolio.

In 2013, Banker magazine awarded JSC Piraeus Bank ICB the prize for the bank with the most developed use of technologies in the GUAM (Georgia, Ukraine, Azerbaijan, Moldova) region.

6.6.7 *Piraeus Bank Cyprus Ltd.*

Piraeus Bank (Cyprus) began operation in 2008 when it absorbed local Arab Bank activities. As at 31 March 2014, it numbered 14 branches and 321 employees.

As at 31 December 2013, total exposure to Cyprus accounted for 1.2 per cent. of total assets. The exposure in Cyprus includes the assets and loans amounting to €834 million of its wholly owned subsidiary, Piraeus Bank Cyprus. Additionally, as at 31 December 2013, Piraeus Bank Cyprus Ltd had contingent liabilities amounting to €910 million. The net income of activities in Cyprus for the year ended 31 December 2013 accounted for 11 per cent. of total net income.

In June 2012, the government of Cyprus applied for financial assistance from the ECB, the EU and the IMF (the **Troika**). As economic conditions in Cyprus deteriorated, the government of Cyprus ordered all banking institutions in Cyprus to temporarily close from and including 15 March 2013 to 27 March 2013 to avoid a run on deposits held in the country's banks, and entered into intensive negotiations with the Troika. On 25 March 2013, the government of Cyprus and the Troika reached a provisional agreement regarding the provision of a €10 billion loan and related finance package to Cyprus, the loan and finance package being conditional on Cyprus implementing a comprehensive economic adjustment programme (the **Cyprus Economic Adjustment Programme**). The Cyprus Economic Adjustment Programme included a scheme for the reorganisation of the Cypriot banking system that resulted in deposit holders with credit balances in excess of €100,000 suffering significant or total losses. Deposit holders with credit balances in excess of €100,000 held with the Bank of Cyprus plc, are also sharing the burden by exchanging part of their deposits with shares as part of the recapitalisation programme. As a part of the implementation of the Cyprus Economic Adjustment Programme, temporary restrictions on bank transfers and withdrawals from banking institutions in Cyprus have been imposed. In addition, the government of Cyprus and the Troika have reached an agreement on a Memorandum of Understanding, which is subject to ratification by the national parliaments of the Member States of the Eurozone, pursuant to which the government of Cyprus has passed legislation for the increase of the income tax rate from 10 per cent. to 12.5 per cent. and an increase of the rate of the special defence contribution tax from 15 per cent. to 30 per cent.

6.6.8 *Piraeus Bank Egypt S.A.E.*

The Group has been active in Egypt since 2005 when it acquired Egyptian Commercial Bank, which was renamed Piraeus Bank Egypt S.A.E. and has a network of 39 branches as at 31 March 2014. Piraeus Egypt Leasing Co is also active in Egypt.

6.6.9 *Germany branch*

ATE Bank entered the German market in 1985 and, following restructuring of its network, it maintained a branch providing lending and deposit services and trade finance. Upon completion of the ATEbank Acquisition, ATEbank's branch in Frankfurt was transferred to Piraeus Bank. This branch is the only branch of a Greek bank in Germany, and it is regulated by the German regulatory authorities as an autonomous business unit. Furthermore, it offers web banking services and is connected online with accounts kept at the branches of the former bank. The branch offers advisory services on the quality of suppliers and customers in Greece and in Germany, trade finance and payment services, as well as deposit products and lending services, combining the advantages of the German market with the ease of processing transactions both from Germany and Greece.

6.7 *Other activities*

The Group's other main activities are in the real estate sector, with the aim of exploiting investment opportunities and synergies in the real estate market.

6.7.1 *Picar S.A.*

Picar S.A. has undertaken the utilisation and operation of the Citylink Complex, covering an area of 65,000 square metres, located on the building block surrounded by Stadiou, Voukourestiou, Panepistimiou and Amerikis streets in the centre of Athens, until 2052, where Piraeus' headquarters are also located. Picar S.A. also has a 5.88 per cent. ownership stake in Attica Department Stores S.A., which is active in managing and operating the multi brand stores Attica, Attica Golden in Maroussi and Attica Mediterranean Cosmos in Thessaloniki, and has concluded important partnerships with famous fashion designers and cosmetics and accessories brands. In 2013 the lease income of Picar's S.A. totalled €18.8 million.

6.7.2 *ETVA Industrial Parks S.A.*

ETVA Industrial Parks S.A. was set up in 2003, after the Industrial Parks sector was spun off from ETVABank and acquired by Piraeus Group, having as its main scope of activity the establishment, management and operation of existing or new industrial areas.

Piraeus Bank holds a 65 per cent. and the Greek state a 35 per cent. stake in the company. Thus, an original, profitable and efficient private public partnership developed, combining entrepreneurship with the country's regional development. ETVA Industrial Parks S.A. has developed and today manages a large number of industrial areas and parks throughout Greece. It operates 26 industrial areas nationwide, where it develops and manages infrastructure projects. In these parks there are currently established approximately 2,300 businesses where over 30,000 people are employed.

ETVA Industrial Parks S.A. revenues mainly come from the sale of land within the industrial areas owned by it, as well as management services such as water supply, sewage and biological purification. Furthermore, due to the significant experience in development project management, the company derives income from relevant services.

6.7.3 *Piraeus Real Estate S.A.*

Piraeus Real Estate S.A. provides a full range of real estate design, development and management services. It is involved in the real estate development, project management and administration, integrated real estate management on behalf of one owners and investors and property valuations, while it also offers investment consulting services to real estate investment companies and funds in Greece and internationally.

As at December 2013 Piraeus Real Estate S.A. managed, in collaboration with the Group's real estate companies in Greece and abroad, a real estate portfolio of €653 million. In 2013, Piraeus Real Estate S.A. managed the construction of projects both inside and outside Greece with a total budget of €50 million, performed valuations of property with a total estimated value of €4,650 million, and continued to provide financial and technical consultant services as well as facility management services with respect to five major commercial and recreation developments in Greece and three major real estate units in south eastern Europe (Bulgaria, FYROM, Albania). In collaboration with Piraeus Bank S.A., Piraeus Real Estate S.A. implements the agreement concluded with the European Investment Bank (EIB) in February, 2012 to manage the Urban Development Funds of the JESSICA programme in the regions of Central Macedonia and Thessaly (management of funds amounting to approximately €40 million from EU Structural Funds, plus co-financing

amounting to €16.8 million from Piraeus Bank). Implementation of the above JESSICA programme started in March 2014 when the first financing agreement was executed with respect to an urban development project in central Macedonia.

7. Risk Management

Risk management is the focus of attention and a key concern of the management, as it is one of the key functions of the Group. Piraeus Bank's management, aiming for business stability and continuity, has as its top priority the constant development and implementation of an effective risk management framework, to mitigate any possible negative consequences of the Group's financial results and capital base.

The Board of Directors is fully responsible for the development and supervision of the risk management framework. The following committees and units contribute to planning, monitoring and managing risk and assessing capital adequacy in reference to the scale and type of risks undertaken:

- The Risk Management Committee (**RMC**), appointed by the Board of Directors in accordance with Bank of Greece's Act 2577/2006, with a scope to effectively manage all types of risks arising from Piraeus Bank's activities and ensure a consistent and uniform assessment and a specialised treatment thereof as well as to coordinate operations on a Bank and Group level. The RMC is responsible for clearly defining the Group's risk management strategy and risk appetite, and to thoroughly communicate such risk appetite to all units. The Group's risk appetite is used as a benchmark for the definition of policies and limits on a Group level, on a business level and on a geographical area level. The RMC holds meetings at least once a month and reports to the Board of Directors on its works. It held ten meetings throughout 2013.

The Assets and Liabilities Committee (**ALCO**) plays an active role in the Group's market and liquidity risk management. The ALCO convenes on a monthly basis in order to review market developments (in combination with financial risk exposures undertaken by Piraeus Bank and its subsidiaries). Since 2011, emphasis remains on matters of liquidity management, with the aim of securing sufficient liquidity for the Group, given the extremely adverse conditions in the Greek and international markets.

Piraeus Group reviews the adequacy and effectiveness of the risk management framework on an annual basis, so as to respond to market dynamics, changes in products offered and the recommended international practices. The Group Risk Management Division is responsible to plan, further determine and implement risk management and capital adequacy policy, according to the Board of Directors' guidelines, with respect to all types of risks arising from the Group's activities. The Division is composed of the following units: Group Credit Risk Management, Group Capital Management, Group Market and Operational Risk Management, International Risk Coordination and Corporate Credit Control.

Two of the above units were established in 2013. The Corporate Credit Control unit was established with a scope to implement, on a regular basis, independent evaluations on the quality of approved credit exposures (post-approval) and of the credit risk monitoring practices applied to business portfolios, to identify key findings and to recommend practices and procedures for the timely and effective treatment of high (in quantity and quality) credit risk exposures. The Group International Risk Coordination unit is responsible for the coordination and harmonisation of risk management operations amongst the Group's Greek and foreign subsidiaries. The unit develops and monitors the risk management framework and supervises the risk profile for the foreign subsidiary banks. The Group's Group Internal Audit division supervises Group activities and evaluates the effectiveness and efficiency of the risk management procedures applied.

Group Risk Management systematically monitors the below mentioned risks resulting from the use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

7.1 *Credit Risk Management*

Piraeus Bank's business activity and profitability entail the assumption of credit risk. Credit risk is the risk of financial loss for the Group that results when debtors are unable to fulfil their contractual/transactional obligations. It is a very significant source of risk. Therefore, its effective monitoring and management constitute a top priority for the Group's management. The Group's overall exposure to credit risk mainly originates from approved credit limits and financing of corporate and retail credit, from the Group's investment and transaction activities, from trading activities in the derivative markets, as well as from the placement in securities. The level of risk associated with any credit exposure depends on various factors, including the prevailing economic and market conditions, the debtors' financial condition, the amount, the type, the duration of the exposure, as well as the presence of any collateral/security and/or guarantees.

The implementation of the Group's credit policy, which describes credit risk management principles, ensures effective and uniform credit risk management. Piraeus Bank Group applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are revised and/or renewed at least once a year, while the relevant approval authorities are determined based on the size and the category of the total credit risk exposure assumed by the Group for each debtor or group of associated debtors (one obligor principle).

7.2 *Credit Risk Measurement and Monitoring*

Reliable credit risk measurement is a top priority within the Group's risk management framework. The continuous development of infrastructures, systems and methodologies, aimed at quantifying, monitoring and evaluating credit risk, both for business and retail portfolios, is an essential prerequisite for the timely and effective support of the Group's management and business units in relation to management decision-making, policy control and formulation and the fulfilment of the supervisory requirements.

As far as corporate credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. Piraeus Bank Group applies the Moody's Risk Advisor (**MRA**) borrower credit rating system for the assessment of credit risk that arises from loans to medium-and large-sized enterprises. It should be noted that the MRA system has been used in domestic financial subsidiaries in Greece since 2005, while from 2006 its application has been expanded to include the Group's major subsidiaries abroad. Regarding small and medium-sized enterprises, internally developed (in-house) rating systems, as well as scoring systems, are applied. In accordance with the regulatory framework for credit institutions (Basel II), Piraeus Bank has developed and applies distinct credit rating models for specialised lending.

More specifically, in its efforts to constantly improve the credit risk rating systems, Piraeus Bank has optimised the existing MRA credit rating model applicable to the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover in excess of €2.5 million.

In 2012, the Credit Risk Management Division carried out research that established the high predictive power of the Teiresias score (**TBS**) with respect to the Group's business portfolio of small enterprises and professionals. After the Credit Risk Management Division determined the high predictive power of TBS, it has been used as an additional tool for their credit rating assessment.

Corporate credit borrowers are rated in 23 credit rating grades, which correspond to the different levels of credit risk and relate to different rates of default probability, allowing for the provisioning against specific exposures. Each rating grade is associated with a specific customer relationship policy.

Higher grades correspond to increasing levels of credit risk. The first 19 grades refer to standard classification corporate customers. Grades 20 to 23 refer to borrowers with classified credits (20: Special Mention, 21: Distressed Restructuring, 22: Substandard, 23: Doubtful/Loss).

In 2013, the development and implementation of grade models has further progressed with respect to the Issuer's foreign subsidiaries, while the calibration of RA model to the uniform 19th grade scale, applied in Piraeus Bank, was implemented successfully.

As far as retail credit is concerned, Piraeus Group places special emphasis on the adoption and implementation of up-to-date methods for credit risk monitoring and management. Retail credit risk monitoring comprises the evaluation of the credit risk scoring parameters (credit scoring), analysis of the portfolio structure, distribution of the debtor population, as well as monitoring of current and/or potential problem loans. Regarding consumer credit in Piraeus Bank, since 2002, application of scoring models has been implemented to assess the creditworthiness of prospective borrowers (application scoring), which were then applied to all private credit portfolios. At the same time, behaviour scoring models have been used to evaluate existing customers' behaviour (behaviour scoring) both at product and customer levels. All the scoring models applied are validated at least every six months.

Additionally, Piraeus Bank now also uses the credit rating model of Tiresias SA, which takes into account all adverse and credit exposures that an applicant has in the Greek market. Use of this model has greatly improved the performance of existing models (which are used in the approval procedure), while it is also used in the pricing, adjusted to credit risk.

Piraeus Bank Group

	<u>March 2014</u>	<u>December 2013*</u>	<u>December 2012*</u>
Loans in arrears > 90 days	37.9%	36.6%	24.2%

*excluding the seasonal loan to OPEKEPE of €2 billion at the end of 2012 and 2013, that is repaid at the beginning of each following year respectively.

For the measurement and evaluation of credit risk entailed in debt securities, ratings from external agencies are mainly applied. The way the Group's exposure to credit risk from debt securities and other bills is calculated varies according to IFRS classification.

7.2.1 *Credit Risk Stress-Testing Exercises*

Stress-testing exercises constitute an integral part of Piraeus Bank's credit risk measuring and quantifying processes, providing estimates of the size of financial losses that could occur under potential extreme financial conditions. Pursuant to the Bank of Greece's directives (Governor's Act 2577/09.03.06) Piraeus Bank Group conducts regular credit risk stress testing exercises, the results of which are presented to and evaluated by the Risk Management Committee.

7.3 *Credit Risk Mitigating Techniques*

Piraeus Bank Group applies credit limits in order to manage and control its credit risk exposure and concentration. Credit limits define the maximum acceptable risk undertaken per counterparty, per group of counterparties, per credit assessment rank, per product and per country. Additionally, limits are set and implemented against exposures to credit institutions. Total exposure to debtors' credit risk, including financial institutions, is further controlled by the implementation of sub-limits, which address on- and off-balance sheet exposures.

In order to set customer limits, the Group takes into consideration any collateral or security which reduces the level of risk assumed. The Group categorises the risk of credits into risk classes, based on the type of associated collateral/security and their liquidation potential. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. Credit limits of the Group are set with an effective duration of up to 12 months and are subject to annual or more frequent review. Monitoring of approved limits is performed on a daily basis and any violations are reported and dealt with in a timely manner.

The Group accepts collateral and/or guarantees against credits granted to customers, thus reducing the overall credit risk and ensuring timely payment of claims.

7.4 *Liquidity Risk Management*

Liquidity risk management is associated with Piraeus Group's ability to maintain sufficient liquidity positions in order to meet its payment obligations. In order to manage this risk, future liquidity requirements are monitored thoroughly, along with the respective loan needs, depending on the projected expiry of outstanding transactions. In general, liquidity management is a process of balancing cash flows within time bands, so that the Group may meet all its payment obligations, as they fall due.

The Group's liquidity risk management remained a top priority in 2013 as well, due to the unfavourable liquidity conditions that prevailed in the Greek economy throughout the year. To that end, functions related to the close monitoring of Piraeus Bank's liquidity position, the regular flow of information to Management, as well as the constant assessment of the effectiveness of the measures taken to sustain adequate liquidity, were further enhanced.

Measures, such as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e. saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk.

Piraeus Bank also participated in the provisions of Law 3723/2008 for the enhancement of liquidity in the economy. Specifically, liquidity has been drawn through the issuance of preference shares (Pillar I), guarantees given under the Pillar II and Special Purpose Greek Government Bonds (Pillar III) schemes amounting to an aggregate of €11.7 billion on 31 December 2013.

During 2013, Piraeus Bank minimised the use of ELA as well as its total funding through the Eurosystem. In addition, Interbank Funding increased significantly through Repo transactions. Finally, in June 2013 Piraeus Bank successfully carried out an Equity Capital Increase.

Following the acquisition of the Cypriot Banks network in Greece (Cyprus Bank, CPB, Hellenic Bank), Piraeus Bank improved significantly its funding composition, as it enhanced and diversified its deposit base. Finally, because of the above Cypriot Acquisitions, Piraeus Bank received €524 million of EFSF Bonds, under the banking system recapitalization framework in order to meet the capital needs of the three Cypriot Banks.

7.5 *Market Risk Management*

Market risk is defined as the risk of incurring losses due to adverse changes in the level or market prices and rates, such as equity prices, interest rates, commodity prices and currency exchange rates, as well as changes in their correlation.

The Group has established a market risk limit system which covers all its activities. The adequacy of the system and the limits are reviewed annually. Piraeus Bank has adopted and applies widely accepted techniques for the measurement of market risk. The value-at-risk (**VaR**) measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. Piraeus Bank implements the parametric VaR method, assuming a one-day holding period and utilising a 99 per cent. confidence level. VaR is measured for the positions in the Trading Book as well as the Available for Sale Equity Portfolio.

The Value at Risk estimate for the Group's Trading Book at 31 December 2013, was €1.27 million. This estimate consists of €0.42 million for interest rate risk, €0.01 million for equity risk, €1.14 million for foreign exchange risk and €0.05 million for commodities risk. There is a reduction in the Value at Risk estimate of €0.34 million due to the diversification effect in the portfolio.

(€ in millions)	Piraeus Bank Group Trading Book Total VaR	VaR — Interest Rate Risk	VaR Equities Risk	VaR Foreign Exchange Risk	VaR Com- modities Risk	Diversifi- cation Effect
As at 31 December 2013	1.27	0.42	0.01	1.14	0.05	(0.34)
As at 31 December 2012	1.32	0.46	0.01	1.13	0.10	(0.38)

7.6 *Operational Risk Management*

Piraeus Bank Group acknowledges its exposure to operational risk deriving from its daily operation and from the implementation of business and strategic objectives. In 2013, the Group continued with the consistent implementation of the operational risk management framework in Piraeus Bank's units and the Group's subsidiaries. The aforementioned framework covers the identification, assessment, quantification, mitigation and monitoring of the operational risk. The continuous development of the framework enhances the timely and effective support to the business operation of the Group and to the fulfilment of the regulatory requirements.

7.7 *Group Capital Adequacy*

In 2013, Piraeus Bank strengthened its capital base through the 2013 share capital increase, which included a capital increase in the amount of €8,429 million. The total Group capital adequacy ratio at the end of December 2013 stood at 14.0 per cent. and the Core Tier I EBA ratio at 13.9 per cent. including the State Preference Shares. The Group's Total Capital Adequacy Ratio under the newly introduced Basel III regulatory framework (Regulation (EU) No 575/2013) at the end of March 2014, stood at 13.1 per cent. and the Common Equity Tier I ratio (CET I ratio) at 12.9 per cent. The CET I ratio is well above the minimum Basel III target ratio of 7 per cent. (i.e. 4.5 per cent. CET I plus a 2.5 per cent. conservation buffer). In April 2014 Piraeus Bank further strengthened its capital base through the 2014 share capital increase which amounted to €1,750 million. On 21 May 2014 Piraeus Bank proceeded to fully redeem to the Hellenic Republic the total

amount of preference shares (Pillar I Law 3723/2008) in the amount of €750 million, issued to the latter by Piraeus Bank. Taking into account on a pro-forma basis the share capital increase of 2014 and the redemption of preference shares, the Group's Total Capital Adequacy ratio and the Group's Common Equity Tier 1 ratio stand at 14.7 per cent. and 14.5 per cent. respectively.

8. Analysis of Loan Portfolio

Net loans accounted for 66 per cent. of the Group's total assets in March 2014. The loan portfolio of the Group is highly diversified across various sectors with loans to individuals (mortgage and consumer credit) comprising 34.9 per cent. of total gross loans, while loans to medium-sized enterprises, large enterprises, shipping enterprises and SMEs accounted for 65.1 per cent., as at 31 March 2014.

Mortgage.....	24.4%
Manufacturing and Handicraft	10.8%
Consumer	10.5%
Trade	9.9%
Construction.....	9.1%
Real Estate.....	5.0%
Hotels.....	4.9%
Financials	4.6%
Other Services.....	3.9%
Energy	2.5%
Agriculture	1.6%
Information Technology	1.5%
Public Sector	0.6%
Other*	10.7%

* "other" includes exposure to health industry, mines, fishery, etc.

The majority of loans granted by the Group are on a floating rate basis, with interest resets mostly at one or three-month refix periods. As of 31 December 2013, the Group's net loans and advances, in currencies other than Euro, amounted to €8,451 million (13.6 per cent. of total net loans and advances to customers).

Net loans and Advances to Customers in Euro and Foreign Currencies

	Composition As at 31 December	
	2013	
	Amounts in EUR million	
Euro	53,915	86.4%
Other Currencies	8,451	13.6%
Total Net Loans and Advances to customers	<u>62,366</u>	<u>100%</u>

With regard to asset quality, the ratio of loans in arrears above 90 days stood at 37.9 per cent. in March 2014 versus 36.6 per cent. in December 2013 and 24.2 per cent. in December 2012 (excluding the seasonal loan to OPEKEPE), while the average ratio of loans in arrears above 90 days for the Greek market reached 31.9 per cent. in December 2013 (*source: Bank of Greece*).

Loan Quality

	As at 31 March	As at 31 December	
	2014	2013	2012
	Amounts in EUR million		
Total Gross Loans	73,610	76,114	50,573
Loans in Arrears > 90 days	27,903	27,166	11,760
Loans in Arrears > 90-day ratio	37.9%	36.6%	24.2%
Loan loss provisions as a percentage of total loans	19.2%	18.5%	12.3%
Loan loss provisions as a percentage of loans in Arrears > 90 days	50.7%	50.6%	50.7%

9. Analysis of Funding

As at 31 March 2014, the Group's total customer deposits amounted to €54.6 billion. As at 31 December 2013, the Group's total customer deposits amounted to €54.3 billion compared to €36.9 billion as at 31 December 2012. As at 31 March 2014, deposits in Greece with the incorporation of Geniki Bank S.A. amounted to €49.8 billion, representing a 28.7 per cent. share of the total Greek deposit market. During the same period, deposits sourced through the Group's international operations stood at €4.8 billion.

As at 31 December 2013, the Group's deposits, in currencies other than Euro, amounted to €5,105 million (9.4 per cent. of total obligations to customers).

Total Obligations to Customers in Euro and Other Currencies

	Composition as at 31 December			
	2013		2012	
	Amounts in EUR million			
Euro.....	49,174	90.6%	32,637	88.3%
Other Currencies	5,105	9.4%	4,335	11.7%
Total obligations to customers	<u>54,279</u>	<u>100.0%</u>	<u>36,971</u>	<u>100.0%</u>

Total Obligations to Customers by Maturity

Amounts in EUR million

	Less than 3 months	More than 3 months and up to 1 year	More than 1 year	Total
As at 31 December 2012.....	29,849	6,157	965	36,971
As at 31 December 2013.....	<u>43,120</u>	<u>10,500</u>	<u>659</u>	<u>54,279</u>

Liabilities to credit institutions totalled €26,274 million at December 2013 compared with €32.561 million as at 31 December 2012, posting a decrease of 19.3 per cent. As at 31 March 2014, Eurosystem funding was approximately €10.4 billion, with zero ELA funding compared to €17.1 billion and €0.75 billion in December 2013 respectively, a decrease of 39 per cent.

10. Technology and Infrastructure

Piraeus Bank places emphasis on optimising internal procedures in order to upgrade the quality and speed of completion of operations, while at the same time minimising operational costs. In the IT sector, emphasis is placed on installing applications that support the increase of the Group's work and the upgrade of infrastructures aiming for the safest and most effective possible operation.

After the completion of the ATEbank Acquisition, the Group proceeded with a thorough renovation of the building housing the former ATEbank's data centre, which will be certified according to the most advanced international standards (Tier 4) and will become the Group's new data centre. The new data centre is fully operational, since May 2013, and in February 2014 it was certified as one of the 50 data centres globally meeting Tier 4 standards successfully and supporting uninterrupted operation 24x7.

In the event of a disaster, a disaster data centre assures recovery of full function ability within two to three hours.

In the main data centre in Athens and in the disaster data centre in Thessaloniki, multiple systems have been installed to provide central support to subsidiary banks abroad (ATM Switching Base 24, Internet Banking, Antimoney Laundering L/WLM, Risk Management, Fraud Management, Moody's RMA, etc.).

Piraeus Bank's core banking system is one of the most popular central banking systems in the world ("Equation" by MISYS), which is linked online in real time with a complete range of peripheral systems and applications.

Subsidiaries outside of Greece use two central banking systems, Equation by MISYS and Signature by FISERV.

The Group has one of the most sophisticated e-banking platforms in Europe, which was designed and deployed in cooperation with Microsoft and has won multiple international awards and prizes.

11. Human Resources

At the end of March 2014, the Group employed 22,402 people compared to 22,509 in 2013 and 18,597 in 2012, while in Greece it employed 16,454 people in March 2014 versus 16,558 in 2013 and 12,365 in 2012.

Among the total Group employees, 57 per cent. are female and 43 per cent. male. The average age of the Group's employees is 39 years. The age distribution of employees is a major advantage for the Group. The age composition favours the introduction and implementation of changes in technology, methods and targets, as 82 per cent. of people are up to 45 years old. At the same time, its highly-trained employees provided invaluable support in offering efficient customer guidance and services in the financially critical year that elapsed.

As can be seen by the high rate of graduate and post-graduate degree holders (74 per cent.), the Group has managed to have in its employment high-quality and educated employees who contribute substantially to the achievement of its business goals. The equivalent percentage of such employees in the international subsidiaries is 83 per cent.

Continuous emphasis was placed on utilising the existing human resources to meet new business needs. Specifically, at Group level, staffing needs were met via external recruitment at 2.4 per cent., and internal reallocations and promotions at 95 per cent.

Having actively and consistently used internal hiring in recent years:

- vacancies are communicated openly and transparently, and are filled by existing people in the Group as a priority, thus ensuring the development of employees who have the competencies to assume management roles in the medium-term;
- development and career incentives are offered to all employees based on career planning;
- assessment and development centres are applied for middle and higher management roles;
- expatriation is encouraged, with the posting of executives to Group subsidiaries abroad for optimal coverage to the greatest feasible extent of staffing needs with experienced and able executives.

12. Subsidiaries and Associates

Piraeus Bank Group subsidiaries that were fully consolidated as at 31 March 2014 are illustrated in the table below:

Subsidiary companies from continuing operations	Direct and indirect participation
Tirana Bank I.B.C. S.A.	98.83%
Piraeus Bank Romania S.A.	100.00%
Piraeus Bank Beograd A.D.	100.00%
Piraeus Bank Bulgaria A.D.	99.98%
Piraeus Bank Egypt S.A.E.	98.30%
JSC Piraeus Bank ICB	99.99%
Piraeus Bank Cyprus LTD	100.00%
Geniki Bank S.A.	99.94%
Piraeus Leasing Romania S.R.L.	100.00%
Piraeus Insurance and Reinsurance Brokerage S.A.	100.00%
Tirana Leasing S.A.	100.00%
Piraeus Securities S.A.	100.00%
Piraeus Group Capital LTD	100.00%
Piraeus Leasing Bulgaria EAD	100.00%
Piraeus Group Finance P.L.C.	100.00%
Piraeus Factoring S.A.	100.00%
Picar S.A.	100.00%
Bulfina S.A.	100.00%
General Construction and Development Co. S.A.	66.67%
Piraeus Direct Services S.A.	100.00%
Komotini Real Estate Development S.A.	100.00%
Piraeus Real Estate S.A.	100.00%
ND Development S.A.	100.00%
Property Horizon S.A.	100.00%
ETVA Industrial Parks S.A.	65.00%
Piraeus Development S.A.	100.00%
Piraeus Asset Management S.A.	100.00%
Piraeus Buildings S.A.	100.00%
Estia Mortgage Finance PLC	-
Euroinvestment & Finance Public LTD	90.89%
Lakkos Mikelli Real Estate LTD	50.66%
Philoktimatiki Public LTD	53.31%
Philoktimatiki Ergoliptiki LTD	53.31%
New Evolution S.A.	100.00%
EMF Investors Limited	100.00%
Piraeus Green Investments S.A.	100.00%
New Up Dating Development Real Estate and Tourism S.A.	100.00%
Sunholdings Properties Company LTD	26.66%
Polytropon Properties Limited	39.98%
Capital Investments & Finance S.A.	100.00%
Vitria Investments S.A.	100.00%

Subsidiary companies from continuing operations	Direct and indirect participation
Piraeus Insurance Brokerage EOOD	99.98%
Trieris Real Estate Management LTD	100.00%

Piraeus Egypt Leasing Co.	98.30%
Piraeus Egypt for Securities Brokerage Co.	98.30%
Piraeus Insurance Reinsurance Broker Romania S.R.L.	100.00%
Piraeus Real Estate Consultants S.R.L.	100.00%
Piraeus Leases S.A.	100.00%
Multicollection S.A.	51.00%
Olympic Commercial & Tourist Enterprises S.A.	94.00%
Piraeus Rent Doo Beograd	100.00%
Estia Mortgage Finance II PLC	-
Piraeus Leasing Doo Beograd	100.00%
Piraeus Real Estate Consultants Doo	100.00%
Piraeus Real Estate Bulgaria EOOD	100.00%
Piraeus Real Estate Egypt LLC	100.00%
Piraeus Bank Egypt Investment Company	98.28%
Piraeus Insurance Agency S.A.	100.00%
Piraeus Capital Management S.A.	100.00%
Piraeus Insurance Brokerage Egypt	96.33%
Integrated Services Systems Co.	98.29%
Axia Finance PLC	-
Piraeus Wealth Management A.E.P.E.Y.	100.00%
Praxis Finance PLC	-
Axia Finance III PLC	-
Praxis II Finance PLC	-
Axia III APC LIMITED	-
Praxis II APC LIMITED	-
PROSPECT N.E.P.A.	100.00%
R.E Anodus LTD	100.00%
Pleiades Estate S.A.	100.00%
Solum Limited Liability Company	99.00%
Piraeus (Cyprus) Insurance Brokerage Ltd	100.00%
O.F. Investments Ltd	100.00%
DI.VI.PA.KA S.A.	57.53%
Piraeus Equity Partners Ltd.	100.00%
Piraeus Equity Advisors Ltd.	100.00%
Achaia Clauss Estate S.A.	74.76%
Piraeus Equity Investment Management Ltd	100.00%
Piraeus FI Holding Ltd	100.00%
Piraeus Master GP Holding Ltd	100.00%
Piraeus Clean Energy GP Ltd	100.00%
Curdart Holding Ltd	100.00%
Piraeus Clean Energy LP	100.00%
Piraeus Clean Energy Holdings LTD	100.00%
Visa Rent A Car S.A.	94.00%
Adflikton Investments LTD	100.00%
Costpleo Investments LTD	100.00%
Cutsofiar Enterprises LTD	100.00%
Gravieron Company LTD	100.00%
Kaihur Investments LTD	100.00%
Pertanam Enterprises LTD	100.00%

Subsidiary companies from continuing operations	Direct and Indirect participation
Rockory Enterprises LTD	100.00%
Topuni Investments LTD	100.00%

Albalate Company LTD	100.00%
Akimoria Enterprises LTD	100.00%
Alarconaco Enterprises LTD	100.00%
Kosmopolis A' Shopping Centers S.A.	100.00%
Parking Kosmopolis S.A.	100.00%
Zibeno Investments Ltd	83.00%
Bulfinance E.A.D.	100.00%
Zibeno I Energy S.A.	83.00%
Asset Management Bulgaria EOOD	100.00%
Arigeo Energy Holdings Ltd	100.00%
Exus Software Ltd	50.10%
Proiect Season Residence SRL	100.00%
Piraeus Jeremie Technology Catalyst Management S.A.	100.00%
KPM Energy S.A.	80.00%
Piraeus Asset Management Europe S.A.	100.00%
Geniki Financial & Consulting Services S.A.	99.94%
Geniki Insurance Agency S.A.	99.94%
Geniki Information S.A.	99.94%
Solum Enterprise LLC	99.00%
General Business Management Investitii S.R.L.	100.00%
Centre of Sustainable Entrepreneurship Excelixi S.A. (former Atexcelixi S.A.)	100.00%
Piraeus Bank (Cyprus) Nominees Limited	100.00%
Mille Fin S.A.	100.00%
Geniki Asset Management A.E.D.A.K. (former Millennium A.E.D.A.K.)	100.00%
Kion Mortgage Finance Plc	-
Kion Mortgage Finance No.3 Plc	-
Kion CLO Finance No.1 Plc	-
Re Anodus Two Ltd	99.09%
Sinitem Llc	99.00%
Beta Asset Management Eood	99.98%
Linklife Food & Entertainment Hall S.A.	100.00%
R.E. Anodus SRL	99.09%
Entropia Ktimatiki S.A.	66.70%
Tellurion Ltd	100.00%
Tellurion Two Ltd	99.09%
Akinita LTD LLC	99.09%
Daphne Real Estate Consultancy SRL	99.09%
Rhesus Development Projects SRL	99.09%

Estia Mortgage Finance PLC, Estia Mortgage Finance II PLC, Axia Finance PLC, Praxis Finance PLC, Axia Finance III PLC, Praxis II Finance PLC, Axia III APC LIMITED, Praxis II APC LIMITED, Kion Mortgage Finance Plc, Kion Mortgage Finance No.3 Plc and Kion CLO Finance No.1 Plc are special purpose vehicles for securitization of loans and issuance of debt securities. Sunholdings Properties Company LTD and Polytropon Properties Limited, although presenting less than 50 per cent. holding percentage, are included in the Group's subsidiaries portfolio due to existence of control.

Also, as at 31 March 2014 the companies Piraeus Buildings S.A., Capital Investments & Finance S.A., Vitria Investments S.A., Piraeus Egypt for Securities Brokerage Co., Multicollection S.A., Piraeus Real Estate Consultants Doo, Kion Mortgage Finance No.3 Plc and Kion CLO Finance No.1 Plc were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) "Asbestos Mines S.A.", b) "Hellenic Industry of Aluminum", c) "Oblivio Co. Ltd", d) "ELSYP S.A.", e) "Blue Wings Ltd", f) "Piraeus

Bank's Congress Centre", g) "Piraeus Bank Group Cultural Foundation", h) "Procas Holding Ltd", i) "Phoebe Investments SRL", j) "Core investments Project SRL", k) "Amaryllis Investments Consultancy SRL", l) "Torborg Maritime Inc.", m) "Isham Marine Corp.", n) "Cybele Management Company", o) "Alegre Shipping Ltd", p) "Maximus Chartering Co." and q) "Lantana Navigation Corp.". The companies numbered (a)-(d) are fully depreciated, under liquidation or dissolution status. The company numbered (e) is under idle status. The companies numbered (h)-(k) have not started operating yet. The companies numbered (l)-(q) have been inactivated and will be set under dissolution. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

Subsidiary companies from discontinued operations	Direct and Indirect participation
ATE Insurance S.A.	100.00%
ATE Insurance Romania S.A.	99.47%

As at 31 March 2014, Piraeus Bank Group associate companies, which are consolidated using the equity method, are presented in the following table which is included in the consolidated interim condensed financial information for the period ended 31 March 2014:

Associate companies from continuing operations	Activity	Direct and Indirect participation
Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%
Evros' Development Company S.A.	European community programs management	30.00%
Project on Line S.A.	Information technology & software	40.00%
Alexandria for Development & Investment Nile Shoes Company	Investment company	21.63%
APE Commercial Property Real Estate Tourist and Development S.A.	Footwear seller-manufacturer	38.67%
APE Fixed Assets Real Estate Tourist and Development S.A.	Holding Company	27.80%
Trieris Real Estate LTD	Real estate, development/tourist services	27.80%
European Reliance Gen. Insurance Co. S.A.	Property management	22.94%
APE Investment Property S.A.	General and life insurance and reinsurance	30.23%
Sciens International Investments & Holding S.A.	Real estate, development/tourist services	27.20%
Trastor Real Estate Investment Company	Holding company	28.10%
Euroterra S.A.	Real estate investment property	33.80%
Rebikat S.A.	Property management	39.22%
Abies S.A.	Property management	40.00%
ACT Services S.A.	Accounting and tax consulting	40.00%
Exus S.A.	Information technology & software	49.00%
Good Works Energy Photovoltaics S.A.	Information technology & software	49.90%
Piraeus - TANEO Capital Fund	Construction & operation PV solar projects	33.15%
AIK Banka	Close end Venture capital fund	50.01%
Teiresias S.A.	Banking activities	20.86%
	Inter banking company.	23.53%
	Development, operation and	

	management of information systems	
PJ Tech Catalyst Fund S.A.	Close end Venture capital fund	30.00%
Pyrrichos S.A.	Property management	50.76%
Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	23.42%
Euroak S.A. Real Estate	Real Estate Investment	32.81%
Gaia S.A.	Software services	30.00%

Piraeus - TANE Capital Fund is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions. Good Works Energy Photovoltaics S.A. is under liquidation as at 31 March 2014. Pyrrichos S.A. is included in the associate companies' portfolio since the Group has significant influence and not control.

The following associate companies have been excluded from the consolidation under the equity method of accounting: a) "Evrytania S.A. Agricultural Development Company", since it is under idle status and b) "Olganos S.A.", which was established as at 29/1/2014 but it has not started business operation as at 31 March 2014.

As at 31 December 2013, the Piraeus Bank Group associate companies, which are consolidated using the equity method, are presented in the following table which is included in the annual consolidated financial statements for the year 2013:

<u>Associate company</u>	<u>Activity</u>	<u>Direct and Indirect Participation as at 31 December 2013</u>	<u>Total Equity as at 31 December 2013 (amounts in thousand €)</u>	<u>Profit Before Tax 2013 for the year ended (amounts in thousand €)</u>
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Scientific and technology park management	30.45%	183	0
EVROS' DEVELOPMENT COMPANY S.A.	European community programs management	30.00%	49	(16)
PROJECT ON LINE S.A.	Information technology & software	40.00%	(529)	31
ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Investment company	21.63%	381	(3,157)
NILE SHOES COMPANY	Footwear seller-manufacturer	38.67%	847	21
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Holding company	27.80%	60,159	(3,136)
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Real estate, development/tourist services	27.80%	65,731	(6,290)
TRIERIS REAL ESTATE LTD	Property management	22.94%	31,021	269
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	General and life insurance and reinsurance	30.23%	*	*
APE INVESTMENT PROPERTY S.A.	Real estate, development/tourist services	27.20%	0	(15,000)
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Holding company	28.10%	81,669	(32,711)
TRASTOR REAL ESTATE INVESTMENT COMPANY	Real estate investment property	33.80%	*	*

EUROTERRA S.A.	Property management	39.22%	113,002	(3,900)
REBIKAT S.A.	Property management	40.00%	8,814	(9,382)
ABIES S.A.	Property management	40.00%	7,027	4,772
ACT SERVICES S.A.	Accounting and tax consulting	49.00%	470	195
EXODUS S.A.	Information technology & software	49.90%	1,848	496
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Construction & operation PV solar projects	33,15%	117	(79)
PIRAEUS – TANE0 CAPITAL FUND	Close end Venture capital fund	50,01%	19,371	(753)
AIK BANKA	Banking activities	20,86%	*	*
TEIRESIAS S.A.	Inter banking company. Development, operation and management of information systems	23.53%	1,398	(1,759)
PIRAEUS JEREMIE TECH CATALYST FUND	Close end Venture capital fund	30,00%	1,287	(94)
PYRRICHOS S.A.	Property management	50,76%	(2,276)	(245)
HELLENIC SEAWAYS A.N.E.	Maritime transport – Coastal shipping	23.42%	86,287	(38,070)
EUROAK S.A. REAL ESTATE	Real Estate Investment	32,81%	5,600	186

(*) At the date of approval of Piraeus Bank's consolidated financial statements, the listed associate companies "European Reliance Gen. Insurance Co. S.A.", "Trastor Real Estate Investment Company" and "AIK BANKA", haven't published their annual financial statements for the year 2013. Therefore, it was not necessary to report aggregates and balances for these companies. In case that the financial statements of associate companies are approved at a later date than the date the Group's consolidated financial statements are approved, draft financial data of these associate companies is consolidated under the equity method of accounting. According to stock market prices of 31 December 2013, the fair value of Piraeus Bank's shareholding to associate listed companies is as follows: "European Reliance Gen. Insurance Co. S.A." €10.4 million, "Trastor Real Estate Investment Company" €18.10 million and "AIK BANKA" €26.9 million.

13. Profit and Loss Account

Set out below is the summary consolidated profit and loss account of the Piraeus Bank Group for the three-month period ending 31 March 2014, and the years ending 31 December 2013 and 31 December 2012. The Group's pre-tax and provisions profitability reached €4,279 million in 2013, including €3,810 million negative goodwill stemming from the Acquisitions. The total impairment losses on loans and advances had a steep upward trend on a yearly basis and reached €2,218 million, of which €1,912 million came from Greece and €305 million from abroad.

The full year 2013 Group pre-tax result was a profit of €1,748 million, while the net result attributable to shareholders from continuing operations was a profit of €2,532 million, and discontinued operations posted a profit of €30 million.

The key highlights of the 2013 annual results for the Piraeus Bank Group were the following:

- Group net interest income (NII) reached €1,662 million in 2013. It should be noted that the net interest income was positively affected by decreasing funding costs, as the reopening of ECB operations, the decline in deposit spreads and reduced secured interbank funding costs improved the Group's funding. NII stemming from operations in Greece reached €1,338 million, while the respective income from international operations was €324 million.
- Operating costs amounted to €1,637 million in 2013 compared to €907 million in 2012. It should be noted that operating costs for 2013 include a one-off expense related to the implementation of a Voluntary Exit Scheme programme in the amount of €126.4 million.
- Gross Loans amounted to €76.1 billion at the end of December 2013; 66 per cent. of which were business loans, 24 per cent. mortgages and 10 per cent. consumer loans.
- Deposits amounted to €54.3 billion at the end of December 2013; 41 per cent. of which comprised current and savings accounts (from 46 per cent. a year earlier).

In March 2014, the Group's pre-tax and provisions profitability reached €194 million. The impairment losses on loans reached €481 million, of which €417 million came from Greece and €64 million from abroad.

The Group reported a pre-tax loss of €322 million.

The key highlights of the first quarter of 2014 results for the Piraeus Bank Group were the following:

- The Group's NII reached €479 million in the first quarter of 2014. It should be noted that NII has continued to benefit from the on-going decrease of interest rates for customer deposits in Greece.
- Operating costs amounted to €355 million.
- Gross loans amounted to €73.6 billion; 65 per cent. of which were business loans, 24 per cent. mortgages and 11 per cent. consumer loans.
- Deposits amounted to €54.6 billion, 40 per cent. of which represented current and savings accounts.

Summary Consolidated Profit and Loss Account

	Year ended 31 December	
	2013	2012
	Amounts in EUR million	
Interest income	3,566.5	2,905.2
Less: Interest expense	(1,904.3)	(1,877.7)
Net Interest Income	<u>1,662.2</u>	<u>1,027.5</u>
Plus: Net Fee and Commission income	286.7	217.6
Plus: Dividend income	15.4	7.3
Plus: Net trading income	83.1	189.1
Plus: Net income from financial instruments designated at fair value through profit or loss	9.3	3.4
Plus: Results from investment securities	54.3	443.0
Plus: Other operating income	24.2	(21.5)
Plus: Negative goodwill due to acquisitions	3,810.3	350.9
Total Net Income	<u>5,945.5</u>	<u>2,217.3</u>
Less: Staff costs	(884.8)	(421.8)
Less: Administrative expenses	(625.8)	(379.3)
Depreciation and amortisation	(126.8)	(105.4)
Less: (Gains)/losses from sale of assets	0.1	(0.8)
Total operating expenses before provisions	<u>(1,637.3)</u>	<u>(907.3)</u>
Profit before provisions, impairment and income tax	4,308.1	1,310.0
Less: Impairment losses on loans, debt securities and other receivables	(2,363.8)	(2,057.2)
Less: Impairment on participations and investment securities	(67.2)	(391.1)
Less: Other provisions and impairment	(100.6)	(59.6)
Plus: Share of profit of associates	(28.8)	14.7
Profit/(Loss) before income tax	<u>1,747.7</u>	<u>(1,183.2)</u>
Less: Income tax	768.5	662.7
Profit/(Loss) after tax from continuing operations	2,516.2	(520.5)
Profit/(Loss) after income tax from discontinued operations	29.9	13.0
Profit/(Loss) after tax	2,546.1	(507.5)
From continuing operations		
Profit/(Loss) for the year attributable to equity holders of the parent entity	2,532.2	(511.6)
Non-controlling interest	(15.9)	(9.0)
From discontinued operations		
Profit/ (Loss) for the year attributable to equity holders of the parent entity	29.9	12.9
Non-controlling interest	-	-
Earnings/(Losses) per share attributable to equity holders of the parent entity (in euros):	0.9187	(4.4510)

From continuing operations		
- Basic and Diluted		
From discontinued operations		
- Basic and Diluted	0.0109	0.1129

Summary Consolidated Profit and Loss Account

	Period from	
	1 January to	
	31 March	31 March
	2014	2013
	Amounts	
	in EUR million	
Interest income	876.9	763.6
Less: Interest expense	(397.9)	(449.1)
Net Interest Income	<u>479.0</u>	<u>314.5</u>
Plus: Net Fee and Commission income	80.0	55.0
Plus: Dividend income	-	0.1
Plus: Net income from financial instruments designated at fair value through profit or loss	(20.3)	44.8
Plus: Results from investment securities	5.4	6.2
Plus: Other operating income	9.1	11.1
Plus: Negative goodwill due to acquisitions	-	3,413.7
Total Net Income	<u>553.2</u>	<u>3,845.4</u>
Less: Staff costs	(189.6)	(148.6)
Less: Administrative expenses	(122.7)	(87.7)
Depreciation and amortisation	(43.4)	(27.7)
Less: (Gains)/losses from sale of assets	0.2	0.3
Total operating expenses before provisions	<u>(355.5)</u>	<u>(263.7)</u>
Profit before provisions, impairment and income tax	197.7	3,581.7
Less: Impairment losses on loans, debt securities and other receivables	(514.6)	(505.1)
Less: Impairment on investment securities	(0.1)	(0.4)
Less: Other provisions and impairment	(0.7)	(0.7)
Plus: Share of profit of associates	(4.0)	1.8
Profit/(Loss) before income tax	<u>(321.7)</u>	<u>3,077.3</u>
Less: Income tax	75.4	537.4
Profit/(Loss) after tax from continuing operations	(246.3)	3,614.7
Profit/(Loss) after income tax from discontinued operations	(2.0)	12.2
Profit/(Loss) after tax for the period	(248.3)	3,626.9
From continuing operations		
Profit/(Loss) for the period attributable to equity holders of the parent entity	(246.6)	3,616.7
Non-controlling interest	0.3	(1.9)
From discontinued operations		
Profit/ (Loss) for the period attributable to equity holders of the	(1.9)	12.2

parent entity		
Non-controlling interest		–
Earnings/(Losses) per share attributable to equity holders of the parent entity (in euros):		
From continuing operations		
- Basic and Diluted	(0.0472)	30.5483
From discontinued operations		
- Basic and Diluted	(0.0004)	0.1028

14. Balance Sheet

Summary Consolidated Balance Sheet

	As at		
	31 March 2014 ¹	31 December 2013 ²	2012 ²
	Amounts in EUR million		
ASSETS			
Cash and balances with Central Banks	3,154	2,875	3,308
Loans and advances to credit institutions	356	293	380
Derivative financial instruments assets	402	325	441
Financial instruments at fair value through profit or loss	268	214	370
Reverse repos with customers	111	7	36
Loans and advances to customers (net of provisions)	59,455	62,366	44,613
Debt securities – receivables	15,685	15,628	8,016
Investment securities	1,134	1,436	4,910
Investments in associated undertakings	302	305	302
Intangible assets	294	300	410
Property, plant and equipment	1,386	1,416	1,324
Investment property	901	903	1,079
Assets held for sale	34	35	16
Deferred tax assets	2,929	2,862	1,897
Inventories property	695	669	444
Other assets	2,016	2,018	2,485
Assets from discontinued operations	335	358	377
TOTAL ASSETS	89,457	92,010	70,408

Summary Consolidated Balance Sheet

	As at		
	31 March 2014 ¹	31 December 2013 ²	2012 ²
	Amounts in EUR million		
LIABILITIES			
Due to credit institutions	23,097	26,275	32,561
Liabilities at fair value through profit or loss	0	1	22
Derivative financial instruments – liabilities	403	330	424
Due to customers	54,609	54,279	36,971
Debt securities in issue	785	305	534
Hybrid capital and other borrowed funds	257	256	324
Retirement benefit obligations	163	161	183

¹ The financial information has been extracted without material adjustment from the unaudited IFRS consolidated balance sheet for the three months ended 31 March 2014.

² The financial information has been extracted without material adjustment from the audited IFRS consolidated balance sheet for the year end 31 December 2013.

Other provisions	39	40	22
Current income tax liabilities	43	35	13
Deferred tax liabilities	39	42	37
Other liabilities	1,149	1,186	1,036
Liabilities from discontinued operations	554	557	606
TOTAL LIABILITIES	81,138	83,467	72,733
Capital and reserves attributable to equity holders of the parent entity	8,200	8,424	(2,453)
Non-controlling interest	119	119	128
TOTAL EQUITY	8,319	8,543	(2,325)
TOTAL LIABILITIES AND EQUITY	89,457	92,010	70,408

15. Summary Consolidated Cash Flow Statement

	As at	
	31 December	
	2013	2012
	Amounts in	
	EUR million	
Cash flows from operating activities from continuing operations		
Profit/(Loss) before tax	1,747.7	(1,183.2)
Adjustments to profit/ (loss) before tax:		
Add: Provisions and impairment	2,531.6	2,522.1
Add: Depreciation and amortisation charge	126.8	105.4
Add: Retirement benefits	10.3	18.3
(Gains)/losses from valuation of trading securities and financial instruments at fair value through profit or loss	(38.3)	(141.2)
(Gains)/losses from investing activities	43.2	(1,095.5)
Negative goodwill due to the acquisitions	(3,810.3)	350.9
Cash flows from operating profits before changes in operating assets and liabilities	611.0	576.8
Changes in operating assets and liabilities:	(63.7)	(698.8)
Net (increase)/decrease in cash and balances with Central Banks		
Net (increase)/decrease in trading securities and financial instruments at fair value through profit or loss	185.0	(129.9)
Net (increase)/decrease in debt securities – receivables	(626.8)	288.8
Net (increase)/decrease in loans and advances to credit institutions	39.5	17.6
Net (increase)/decrease in loans and advances to customers	2,812.5	(103.9)
Net (increase)/decrease in reverse repos with customers	28.8	21.5
Net (increase)/decrease in other assets	170.2	(75.8)
Net increase/(decrease) in amounts due to credit institutions	(7,467.3)	104.0
Net increase/(decrease) in liabilities at fair value through profit or loss	(21.4)	3.5
Net increase/(decrease) in amounts due to customers	(543.1)	(2,101.9)
Net increase/(decrease) in other liabilities	43.8	146.7
Net cash inflow/ (outflow) from operating activities before income tax payment	(4,831.5)	(1,951.5)
Income tax paid (including tax contribution)	(11.9)	(16.9)

As at

	31 December	
	2013	2012
	Amounts in EUR million	
Net cash inflow/(outflow) from continuing operating activities	(4,843.4)	(1,968.4)
Cash flows from investing activities of continuing operations		
Purchases of property, plant and equipment	(238.4)	(193.7)
Sales of property, plant and equipment	26.3	31.6
Purchases of intangible assets	(44.5)	(128.6)
Purchases of assets held for sale	(14.5)	(4.5)
Sales of assets held for sale	9.8	4.1
Purchases of investment securities	(8,404.1)	(9,914.4)
Disposals/ maturity of investment securities	11,932.9	11,303.8
Acquisition of subsidiaries (net of cash & cash equivalents acquired)	171.1	515.6
Disposals of subsidiaries (net of cash & cash equivalents disposed)	20.9	(84.4)
Acquisition and participation in share capital increases of associates	(24.5)	(1.5)
Disposal of associates	-	-
Dividends received	14.1	6.5
Net cash inflow/(outflow) from continuing investing activities	3,449.1	1,534.5
Cash flows from financing activities of continuing operations		
Net proceeds from issue/(repayment) of debt securities and other borrowed funds	(366.0)	(660.6)
Increase of share capital through cash payment	1,180.3	-
Payment of prior year dividends	(5.2)	(0.3)
(Purchases)/sales of treasury shares and preemption rights	-	0.3
Other cash flows from financing activities	17.3	17.4
Net cash inflow/ (outflow) from continuing financing activities	826.4	(643.2)
Effect of exchange rate changes on cash and cash equivalents	(29.4)	(6.1)
Net increase/ (decrease) in cash and cash equivalents of the year from continuing activities (A)	(597.3)	(1,083.1)
Net cash flows from discontinued operating activities	(35.7)	(6.0)
Net cash flows from discontinued investing activities	36.7	17.0
Net cash flows from discontinued financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	-	0.3
Net increase/(decrease) in cash and cash equivalents of the year from discontinued activities (B)	1.0	11.3
Cash and cash equivalents at beginning of year (C)	2,473.1	2,681.1
Cash and cash equivalents at the acquisition date, of assets and liabilities of Cypriot banks' network in Greece (D)	11.7	-
Cash and cash equivalents at the acquisition date, of assets and liabilities of former ATEbank S.A. and its subsidiaries (E)	-	863.7
Cash and cash equivalents at the end of the year (A) + (B) + (C) + (D) + (E)	1,888.5	2,473.1

	As at	
	31 March	
	2014	2013
	Amounts in	
	EUR million	
Cash flows from operating activities from continuing operations		
Profit/(Loss) before tax	(321.7)	3,077.3
Adjustments to profit/ (loss) before tax:		
Add: Provisions and impairment	515.5	506.3
Add: Depreciation and amortisation charge	43.4	27.6
Add: Retirement benefits	3.2	3.9
(Gains)/losses from valuation of financial instruments at fair value through profit or loss	14.9	(7.6)
(Gains)/losses from investing activities	(2.0)	(11.0)
Deduct: Negative goodwill due to the acquisitions	-	(3,413.7)
Cash flows from operating activities before changes in operating assets and liabilities	253.3	182.8
Changes in operating assets and liabilities:		
Net (increase)/decrease in cash and balances with Central Banks	7.4	41.5
Net (increase)/decrease in financial instruments at fair value through profit or loss	(68.5)	87.2
Net (increase)/decrease in debt securities – receivables	(86.0)	(779.8)
Net (increase)/decrease in loans and advances to credit institutions	0.4	(4.8)
Net (increase)/decrease in loans and advances to customers	2,433.8	1,945.4
Net (increase)/decrease in reverse repos with customers	(104.1)	(0.5)
Net (increase)/decrease in other assets	(17.8)	448.8
Net increase/(decrease) in amounts due to credit institutions	(3,177.9)	(4,456.0)
Net increase/(decrease) in liabilities at fair value through profit or loss	(0.5)	(21.4)
Net increase/(decrease) in amounts due to customers	330.0	1,399.7
Net increase/(decrease) in other liabilities	(44.4)	(38.1)
Net cash flow from operating activities before income tax payment	(474.3)	(1,195.2)
Income tax paid	(0.7)	(0.9)

	As at 31 March	
	2014	2013
	Amounts in EUR million	
Net cash inflow/(outflow) from continuing operating activities	(474.9)	(1,196.1)
Cash flows from investing activities of continuing operations		
Purchases of property, plant and equipment	(37.5)	(40.9)
Sales of property, plant and equipment	21.9	5.6
Purchases of intangible assets	(4.2)	(4.6)
Purchases of assets held for sale	(0.3)	(3.3)
Sales of assets held for sale	0.9	0.5
Purchases of investment securities	(1,868.4)	(1,576.1)
Disposals/ maturity of investment securities	2,208.9	2,953.2
Sales of subsidiaries excluding cash and balances sold	-	0.9
Acquisition and participation in share capital increases of associates	(0.5)	(0.2)
Dividends received	-	0.1
Net cash inflow/(outflow) from continuing investing activities	320.8	1,335.2
Cash flows from financing activities of continuing operations		
Net proceeds from issue/(repayment) of debt securities and other borrowed funds	470.5	(37.3)
Prior year dividends paid	(1.9)	-
Purchases/sales of treasury shares and preemption rights	-	-
Other cash flows from financing activities	5.4	4.2
Net cash inflow/ (outflow) from continuing financing activities	474.0	(33.1)
Effect of exchange rate changes on cash and cash equivalents	24.7	(13.2)
Net increase/ (decrease) in cash and cash equivalents of the period from continuing activities (A)	344.7	92.8
Net cash flows from discontinued operating activities	(22.3)	(25.7)
Net cash flows from discontinued investing activities	23.0	25.8
Net cash flows from discontinued financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase/(decrease) in cash and cash equivalents of the period from discontinued activities (B)	0.7	0.2
Cash and cash equivalents at beginning of period (C)	1,888.5	2,473.1
Cash and cash equivalents at the acquisition date, of assets and liabilities of Cypriot banks' network in Greece (D)	-	11.7
Cash and cash equivalents at the end of the period (A) + (B) + (C) + (D)	2,233.8	2,577.7

16. Greek Liquidity Support Scheme

Piraeus Bank participates in the Greek government Scheme for the liquidity support of the Greek economy as contemplated in Law 3723/2008, as in force. The types of support Piraeus Bank has access to, through the three Pillars provided in the aforementioned law, are as follows:

First Pillar - Preference Shares

On 14 May 2009, an agreement was signed between Piraeus Bank and the Greek State, whereby the latter acquired 77,568,134 preferred non-voting shares, issued by Piraeus Bank and having a nominal value of €4.77 each for €370 million, within the framework Law 3723/2008. In addition, on 23 December 2011, the shareholders' meeting resolved upon Piraeus Bank's share capital increase and the cancellation of the pre-emption rights of the existing shareholders in favour of the Greek State, by contribution in kind, in accordance with the provisions of the same Law 3723/2008. The share capital increase by €379,999,999.80 was concluded on 30 December 2011 with the issuance of 1,266,666,666 new preferred shares, that have been undertaken by the Greek State, having a nominal value of €0.30 each. In accordance with the current regulatory framework, the issued shares have been classified as Core Tier I capital. On 21 May 2014 Piraeus Bank proceeded to fully redeem to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) in the amount of €750 million, issued to the latter by Piraeus Bank.

Second Pillar - Bonds guaranteed by the Hellenic Republic

Within the scope of article 2 of Law 3723/2008, Piraeus Bank has issued bonds guaranteed by the Hellenic Republic amounting in total €9,899,000,000 as of 31 March 2014, and reduced to €5,322,100,000 as of 30 June 2014, which have been retained by Piraeus Bank itself. These bonds constitute eligible collateral for the ECB's and/or the BoG's refinancing operations.

Third Pillar - Lending of Special Greek Government Bonds (Special Bonds)

Pursuant to article 3 of Law 3723/2008 the amount of €1,024,000,000.00 of Special Bonds was lent to Piraeus Bank by the Hellenic Republic, so that Piraeus Bank had access to the refinancing actions of ECB. The above amount includes the amount of €424,000,000 originally lent to Piraeus Bank and an amount of €600,000,000 that was transferred to Piraeus Bank as part of the ATEbank Acquisition. The bonds matured according to their original terms in April 2013. New Special Bonds in the amount of €1,024,000,000 were subsequently lent to Piraeus Bank with an expected maturity in April 2016. In June 2014, the Hellenic Republic lent a further amount of €1,214,000,000 of the New Special Bonds with the same terms and conditions and an expected maturity in April 2016.

The liquidity obtained through the above Pillars 2 and 3 must be used for the funding of mortgage loans and loans to SMEs and for the funding of enterprises of vital importance for the development of the country, respectively.

17. Recent Developments (after the announcement of the first quarter 2014 results)

- On 2 July 2014, following the settlement of the Warrants exercise orders, 4,951,260 Warrants in total on existing ordinary shares issued by Piraeus Bank and owned by the HFSF were exercised. The exercised Warrants correspond to 22,160,707 existing ordinary shares of Piraeus Bank, or 0.4 per cent. of the total shares outstanding, increasing commensurately Piraeus Bank's free float. The total consideration paid by the Warrant holders to the HFSF amounts to €39 million. Consequently, the

issued Warrants currently outstanding amount to 844 million and correspond to 4,084,179,332 existing ordinary shares of Piraeus Bank owned by the HFSF.

- On 14 May 2014, Standard and Poor's Credit Market Services Italy, S.r.l. upgraded the Long-Term rating of Piraeus Bank to "CCC+", up one notch from "CCC" and affirmed the Short Term rating at "C" with outlook stable.
- On 13 May 2014, Fitch Ratings Limited affirmed Long-Term IDR of Piraeus Bank at "B-" with Stable Outlook. The agency has also upgraded the senior debt ratings of Piraeus Bank and Piraeus Group Finance Plc to "B-" from "CCC".
- On 30 April 2014 Piraeus Bank announced that the HFSF as of 30 April 2014 owned 4,106,340,039 of its existing ordinary shares, representing 67.30 per cent. of Piraeus Bank's total share capital.
- On 29 April 2014, Piraeus Bank announced that after the completion of its capital increase, the share capital of Piraeus Bank amounted to €2,580,593,913.48 divided into 6,101,979,715 ordinary shares of a par value of €0.30 each and 77,568,134 preferred non-voting shares of a par value of €4.77 each and 1,266,666,666 preferred non-voting shares of a par value of €0.30 each.
- On 10 April 2014, Piraeus Bank announced that following the completion of the International Offering and the subsequent Public Offering in Greece on 9 April 2014, all new shares of the share capital increase of Piraeus Bank offered would be issued, namely 1,029,411,764 new ordinary registered voting shares with a nominal value of €0.30 each. From the above new shares: i) 102,941,176 new ordinary shares (namely 10 per cent. of Piraeus Bank's current share capital increase) were allocated to the investors in Greece; and ii) 926,470,588 new shares (namely 90 per cent. of Piraeus Bank's current share capital increase) were allocated to the investors through the International Offering.
- On 28 March 2014, the Extraordinary General Meetings of both ordinary and preference shareholders of Piraeus Bank decided upon a share capital increase by contribution in cash via a non-pre-emptive issue of ordinary shares with a view to raising up to €1.75 billion, issuing up to 1,029,411,764 new ordinary shares at a subscription price of €1.70 per share (**Equity Offering**).

THE BANKING SECTOR AND THE ECONOMIC CRISIS IN GREECE

The Structure of the Banking Sector in Greece and Recent Developments

The banking sector in Greece has expanded rapidly in the decade from 2000-2010 due to deregulation, Greece's entry into the Eurozone and technological advances. The growth of the sector was the result of both organic expansion and mergers and acquisitions primarily in the wider region of SEE, where Greek banks operate. Nevertheless, as a result of the international financial crisis beginning in 2008, and the emergence of the fiscal crisis in Greece in the last quarter of 2009, the Greek banking system has undergone particularly challenging conditions. As a result of the deteriorating fiscal condition in Greece, international credit rating agencies downgraded the credit ratings of the Hellenic Republic, adversely affecting the credit ratings of Greek banks.

The liquidity of Greek banks has been materially and adversely affected by:

- successive downgrades of the credit ratings of the Hellenic Republic;
- the restructuring of the public debt through participation of the private sector;
- uncertainty during 2012 regarding Greece's continued participation in the Eurozone, which was reduced significantly following the formation of a government in June 2012;
- the deterioration of the quality of the loan portfolios of Greek banks; and
- the banks' lack of access to international capital markets.

These factors have exercised significant pressure on Greek banks, affecting their liquidity and capital base and posing a threat to the stability of the Greek banking system.

The Bank of Greece and the Greek government have adopted a series of actions to protect the financial stability and safety of customer deposits, including: covering the short-term liquidity needs of banks by providing the possibility of recourse to the ELA mechanism; ensuring the adequacy of public resources available to cover the required recapitalisation and the cost of restructuring the Greek banking sector between the years 2012 and 2014 (the "Financial Envelope") estimated to be €50 billion; the rehabilitation of weak banks; and a requirement that all Greek banks increase their capital base to a conservatively estimated adequate level. During this process, the European Commission, the ECB and the IMF offered guidance and assistance ensuring the consistency of the implementation with the purposes of the First Economic Adjustment Programme.

In March 2012, the Bank of Greece prepared a strategic review of the banking sector. The review evaluated the sustainability prospects of banks by applying a wide set of supervisory and operational criteria and using financial and supervisory data, as well as data from the BlackRock Diagnostic Assessment I of the Greek banking sector commissioned by the Bank of Greece. The results of the review concluded that Greece had four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank) which were deemed fit to receive public support. The Bank of Greece in May 2012 estimated the aggregate capital required to support all Greek banks so as to meet the minimum required levels of Core Tier I capital from 2012 to 2014 was €40.5 billion, out of which €27.5 billion was estimated to be required for the four systemic banks. Piraeus Bank's capital needs were estimated to be €7.335 billion. The Bank of Greece re-confirmed these estimates in October 2012 and December 2012 and used them as the basis for determining that €50 billion would be necessary and adequate to cover the recapitalisation and restructuring costs of the

Greek banking sector. On 6 March 2014, the Bank of Greece published the capital requirements for each of the Greek banks. The key drivers of the capital requirement are the expected life time loan loss provisions, based on an asset quality review conducted by BlackRock and a number of assumptions selected by the Bank of Greece regarding future capital generation. Piraeus Bank's capital requirement have been assessed at €425 million on the baseline scenario and at €757 million in the adverse scenario contemplated by the relevant assessment, while the total capital requirements for the Greek banking sector as a whole were assessed at €6.4 billion on the baseline scenario and €9.4 billion on the adverse scenario.

The Recapitalisation Plan for the systemic banks was established by Law 3864/2010 and Cabinet Act No. 15, dated 3 May 2012, and Cabinet Act No. 38, dated 9 November 2012.

Pursuant to the terms of the third phase of the Recapitalisation Plan, the systemic banks were to raise a minimum of 10 per cent. of the required capital increase amount from private sector investors, with the HFSF providing the balance. Piraeus Bank completed the recapitalisation exercise on 3 July 2013 raising €8,429 million and achieving private sector participation significantly above the threshold of 10 per cent. required under the recapitalisation framework in the context of the 2013 Share Capital Increase. The HFSF participation in Piraeus Bank, after the 2013 Share Capital Increase, amounted to 81 per cent.

From the other three Greek systemic banks, only Eurobank Ergasias S.A. did not raise a minimum of 10 per cent. of the required capital increase amount from private sector investors and as a consequence the HFSF has unrestricted shareholder voting rights in Eurobank Ergasias S.A.

With respect to non-systemic banks, a memorandum prepared by the European Commission, the ECB and IMF in December 2012 proposed that such banks would be recapitalised through private funds or merge with other banks by the end of April 2013. Otherwise, the Bank of Greece would take the necessary actions to achieve resolution of the non-systemic banks, by no later than the end of June 2013, in a manner ensuring financial stability and the interests of depositors. Bank of Attica S.A. was recapitalised through private funds amounting to €396 million.

The recapitalisation of the Greek banks, together with the restructuring of the banking sector, is intended over time to restore market and depositor confidence.

Commercial Banks

According to the Bank of Greece, there were 40 credit institutions in the Greek banking market (21 Greek banks and 19 branches of foreign banks) as of March 2014, compared to 58 at the end of 2011.

Today, all but one of the banks in the Greek banking market are commercial banks. There is only one specialised credit institution, the Consignment Deposits and Loans Fund.

Consolidation

Since the onset of the crisis in Greece, Greek banks have undergone a phase of significant consolidation. Several banks, including Proton, T Bank, TT Hellenic Postbank and the Agricultural Bank of Greece S.A. (**ATEbank**), First Business Bank S.A. and Probank were placed in liquidation, with selected assets and liabilities being transferred to other credit institutions.

In 2012, Alpha Bank S.A. acquired Emporiki Bank S.A., and Piraeus Bank acquired Société Générale S.A.'s Greek subsidiary, Geniki Bank S.A., and selected assets and liabilities of ATEbank.

On 26 March 2013, Piraeus Bank signed an agreement to acquire all deposits, loans and branches in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the loans and deposits of their subsidiaries in Greece for a total price of €524 million.

On 30 April 2013, an extraordinary general meeting of Eurobank Ergasias S.A. resolved to waive the pre-emption rights of its existing shareholders, allowing the HFSF to subscribe for the entirety of Eurobank Ergasias S.A.'s share capital increase, resulting in the effective nationalisation of the bank.

On 10 May 2013, the Bank of Greece revoked the licence of First Business Bank S.A., which is currently under liquidation and, on the same day, National Bank of Greece S.A. acquired its viable assets and liabilities. Pursuant to the decisions of the Bank of Greece and Law 3601/2007, the HFSF funded the difference between the value of the assets and liabilities. The same process was followed for the revocation of the licence and transfer of assets of Probank to NBG, announced on 26 July 2013.

On 19 June 2013 Piraeus Bank acquired 100 per cent. of MBG, which was absorbed on 9 December 2013.

On 22 November 2013 and 27 December 2013 Eurobank Ergasias S.A. announced the completion of the merger by absorption of the New Proton Bank and New TT Hellenic Postbank, respectively.

Competition in the Greek Banking Market

Greece's entry into the Eurozone in 2001 redefined the strategic goals and the activities of domestic financial institutions, with rapid technological developments and the integration of the financial and capital markets resulting from a significant number of mergers and acquisitions in the banking sector during the period from 2006 to 2008. The economic crisis in Greece since 2009 has posed significant new challenges for the industry. Notwithstanding the economic crisis, Greek banks have continued to expand their activities and the largest Greek banks have continued to maintain and/or expand market shares.

The four largest commercial banks measured by deposits are the National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank. The deposit market share of the four major Greek banks as at 30 December 2013 is as follows:

- Piraeus Bank: 29% (including the Acquired Businesses);
- National Bank of Greece S.A.: 25%;
- Alpha Bank S.A.: 21 %; and
- Eurobank Ergasias S.A.: 18%.

(Source: Bank of Greece and publicly available information for each bank.)

As a result of the restructuring measures outlined above, the Greek banking sector is composed of a smaller number of large, well-capitalised systemic banks, compared to the beginning of the financial crisis, with a number of smaller banks which, together with the systemic banks, will ensure stability and competitiveness in the market.

During 2013, in an environment of extended recession for the Greek economy, limited liquidity and negative sentiment in the market, loans by Greek banks fell by 5 per cent., whilst domestic customer deposits by Eurozone residents slightly increased by 2 per cent. after a three-year period of significant decrease. Interest

margins for new operations (average monthly interest rates of new loans minus the corresponding interest rates of new deposits) for Greek banks increased to 3.3 per cent. at December 2013 from 2.9 per cent. in December 2012. This change is due to the decrease in the average interest rate on new loans of 60 basis points, to approximately 5.1 per cent. In 2013 the interest rate on new loans to households decreased significantly to 2.8 per cent. from 4.7 per cent. in 2012.

Foreign Banks

According to the Bank of Greece, as at March 2014 there were 19 foreign banks or branches of foreign banks operating in the Greek banking market. The foreign banks with the largest operations in Greece are Citibank and HSBC Bank plc.

BlackRock

In August 2011, the Bank of Greece mandated BlackRock, a U.S. based investment, advisory and risk management company, to conduct an independent diagnostic assessment of the domestic loan portfolio of the largest Greek banks, including Piraeus Bank. This was in accordance with the commitment undertaken by the Bank of Greece under the Second Economic Adjustment Programme in the context of ensuring that Greek banks were adequately capitalised. The BlackRock Diagnostic Assessment I was conducted on balances as at 30 June 2011 and utilised assumptions and estimates based on information available during the fourth quarter of 2011. The study, which was completed at the end of 2012, made an assessment of the losses that would occur either in a three-year period or during the receivables' portfolio life under two scenarios, one basic and one extreme, and the assessment was communicated individually to each bank in order to be incorporated into their capital needs' estimation during 2012.

In December 2012, the Bank of Greece circulated the BlackRock Diagnostic Assessment I, together with the detailed findings for each bank. The study highlighted that the expected losses of Piraeus Bank's loan portfolio, under the basic scenario, would amount to €3.0 billion in a three year period and to €3.5 billion during the portfolio life.

The study also highlighted the expected losses of the loan portfolio under the adverse scenario, estimating that such losses would amount, in a three-year period to €4.0 billion, and during the portfolio life to €4.8 billion.

The Bank of Greece conducted a follow up stress test for the Greek banks, as envisaged in the Second Economic Adjustment Programme and on 6 March 2014 it published the capital requirements for each of the Greek banks. In this process, guidance was provided by the "Advisory Committee", a supervising body consisting of representatives of the Bank of Greece, EBA, the European Commission, ECB, and IMF. In the performance of its tasks, the Bank of Greece was assisted by BlackRock and Rothschild. The key drivers of the capital requirements were credit loss projections on total loans granted in Greece and abroad and estimated operating profitability (pre provision income) of the banks, based on a conservative adjustment of restructuring plans submitted by the Greek banks to the Bank of Greece. The Bank of Greece adopted a rigorous approach, in order to ensure that the results would be sufficiently conservative, using the results of the independent diagnostic study conducted by BlackRock on Greek banks' loan portfolios. The capital needs of all Greek banks were estimated on the basis of the baseline scenario at €6.4 billion and on the basis of the adverse scenario at €9.4 billion. Piraeus Bank's capital requirements have been assessed at €425 million on the basis of the baseline scenario and at €757 million on the basis of the adverse scenario. In the baseline scenario, estimated gross credit loss projections for Piraeus Bank amount to €11.0 billion for the period from June 2013 to December 2016 and €15.7 billion on a loan lifetime "when realised" basis. In the adverse scenario, credit loss projections were estimated at €12.9 billion and €19.6 billion, respectively. In the baseline

scenario, credit loss projections for Greek risk were estimated to be €16.1 billion (using a rigorous approach with increased risk parameters for the relevant time frame) and for foreign risk to be €2.3 billion.

The Bank of Greece formally requested the banks to submit their capital plans by mid April 2014 to address the needs resulting from the Basic Scenario. Following this request, the four major Greek Banks proceeded to implement a series of measures to the direction of meeting the estimated capital needs including four major share capital increases that amounted to €8.6 billion. Piraeus Bank implemented a share capital increase of €1,750 million in April 2014 well above the amount specified by the diagnostic exercise both in the base and the adverse scenarios.

As at 31 December 2013, the Group had formed accumulated impairment provisions, in the amount of €13.7 million in respect of the loan portfolio assessed by BlackRock in the context of BlackRock Diagnostic Assessment I. The recognition of accumulated provisions in the financial statements is based on the accounting rules of IAS 39 (incurred loss model) which are not related to the methodology used in the BlackRock Diagnostic Assessment I.

Economic Adjustment Programmes, the PSI and the Buy-Back Programme

The aggravated financial condition of Greece since the end of 2009 has limited, to a significant extent, Greek banks' access to the international capital markets. In early May 2010, the Greek government agreed to the first economic adjustment programme jointly supported by the IMF, the European Union and the ECB (the **First Economic Adjustment Programme**), which would provide significant financial support of €110 billion in the form of a cooperative package of IMF and EU funding. The First Economic Adjustment Programme was established pursuant to two memoranda, each dated 3 May 2010, which set out a series of fiscal measures and structural reforms, including the creation of the HFSF.

On 21 February 2012, following consultations at an international level, the IMF, the EU and the ECB agreed a new support programme for Greece (the **Second Economic Adjustment Programme**). The Second Economic Adjustment Programme's main objective was to ensure the sustainability of Greek government debt and to restore competitiveness to the Greek economy. Pursuant to the Second Economic Adjustment Programme, Greece was to set fiscal consolidation targets so as to return to a primary surplus by 2013, to fully carry out the privatisation plan and to proceed to implement structural reforms in the labour, goods and services markets. In addition, the principles for PSI in the restructuring of the Hellenic Republic's sovereign debt were agreed, as well as the 53.5 per cent. reduction in the nominal value of Greek government bonds. As a result of the PSI, which began on 24 February 2012 and was completed on 25 April 2012, the total amount of sovereign debt restructured was approximately €199 billion, i.e. 96.9 per cent. of the total eligible bonds (approximately €205.5 billion).

Apart from the PSI principles, in order to ensure the sustainability of Greek government debt, it was also decided on 21 February 2012 that: (i) the interest rate margin on the loan that Greece had been granted by the Eurozone countries would be retroactively decreased to 150 basis points; (ii) the ECB's income from acquiring and holding Greek bonds would be allocated to central banks and through them to the Member States, which would in turn direct such amounts to Greece's debt relief; and (iii) central banks holding Greek bonds in their investment portfolio would cede the income arising from these bonds to Greece until 2020.

According to a 2012 report by the European Commission, the Eurozone's contribution to cover the financing needs of Greece (including, *inter alia*, the PSI and the recapitalisation of banks) for the 2012-2014 period was estimated to be €144.7 billion, whilst the IMF's contribution for this period was estimated to be €19.8 billion. In particular, the IMF announced that the first aid package to Greece, under a "Stand-By Arrangement", would be cancelled, while approving a four-year loan for an amount of €28.0 billion (the last tranche of which

is expected to be disbursed on 29 February 2016) through the IMF's extended fund facility (EFF) arrangement. The EFF arrangement / provides for a longer repayment period than the "Stand-By Arrangement". It was also determined that the tranches of the new loan would be equally allocated, and the immediate disbursement of an amount of approximately €1.65 billion was approved. At the same time, in March 2012, the EFSF received approval to release to Greece an amount of €39.4 billion in tranches. According to the reports by the European Commission and the IMF at that time, it was estimated that the recession in the Greek economy would persist in 2012 (GDP decrease of approximately 4.7 per cent.), the growth rate would be zero in 2013, and growth would begin again in 2014. From a fiscal point of view, the target was to achieve a primary surplus by 2013 that would reach 4.5 per cent. of GDP in 2014, whilst the general government gross debt would, in line with the baseline scenario, by 2020 be approximately 116 per cent. of GDP. Based on the Second Economic Adjustment Programme, it was estimated that additional measures would be necessary, apart from those which had already been approved in the medium-term fiscal strategy in 2011 and in the 2012 budget. In particular, the bulk of the adjustment would be achieved by spending cuts, while the main reforms, including those determined in the medium-term fiscal strategy and in the 2012 budget included, *inter alia*, streamlining and better targeting social expenses, restructuring government, structural tax reform and reforms in tax administration and collection. In addition, fiscal institutional reforms, policies for the financial sector, a privatisation plan and structural reforms were also determined. In this context, a primary goal of the Second Economic Adjustment Programme is the solidification and recapitalisation of the Greek banking system as well as the resolution of non-viable banks.

However, by mid-2012, the political uncertainty created in Greece after two elections, the delays in implementing the programme, as well as a stronger-than-expected recession in the Greek economy, led to a review of the terms of the Second Economic Adjustment Programme, as the sustainability of Greek government debt was put into question. On 27 November 2012, following consultations on national and international levels, basic points and actions were determined, with the aim of achieving the sustainability of Greek government debt at 175 per cent. of GDP in 2016, 124 per cent. in 2020 and below 110 per cent. in 2022. At the same time, an agreement was reached to extend the programme and delay the targeted primary surplus of 4.5 per cent. of GDP from 2014 to 2016. Among other things, it was agreed that the interest rate on bilateral state loans would be reduced, that the time frame to pay back the tranches of bilateral state loans and loans by EFSF would be extended, that payment of interest on EFSF loans would be deferred and that Member States would return to Greece any profits made on the Greek bonds they held. However, these actions are subject to restrictions, such as the strict implementation of the programme by Greece. At the same time, on 3 December 2012, the Public Debt Management Agency announced the terms for the Buy-Back Programme. The Greek government organised an auction for buying back Greek government bonds. On 11 December 2012, the process was completed and total offers amounted to a nominal value of approximately €31.9 billion, while the weighted average price was approximately 33.8 per cent. of the nominal value. For the buy-back of the bonds offered, six month EFSF notes were issued for a nominal value of €11.29 billion (including accrued interest).

As a result of the above actions, by the end of December 2012 and the beginning of January 2013, the European Commission and the IMF completed the review of the Second Economic Adjustment Programme and approved disbursement of the next tranches. Following continued negotiations, the Greek government and representatives of the Troika reached an agreement on the policies that could constitute the basis for completing the review of the Second Economic Adjustment Programme. Approval of such agreement was announced by the Eurogroup on 1 April 2014, while approval by the board of directors of the IMF is still pending. The Troika stated in a 19 March 2014 press release that, *inter alia*, the Greek economy is beginning to stabilise and expected to gradually recover. The Troika acknowledged, however, that although Greece achieved a higher than expected primary surplus in 2013, only a small part of such surplus will carry over into 2014.

As mentioned above, a detailed report regarding the capital needs of each bank, the process of recapitalisation and the methodology to be followed was issued by the Bank of Greece in March 2014. The bank recapitalisation framework and any resulting obligations of the credit institutions are outlined in the aforementioned report, as well as in the IMF's reports of January 2013 and July 2013.

Financing of the Greek Economy by the Economic Adjustment Programmes

From May 2010, when the First Economic Adjustment Programme was concluded, until December 2013, the Eurozone and the IMF disbursed approximately €215 billion to Greece (bilateral state loans from Eurozone countries and EFSF: €186.4 billion; IMF: €28.5 billion). Implementation of the Second Economic Adjustment Programme is expected to result in additional disbursements of approximately €11.2 billion by the EFSF by 2014 and approximately €19.66 billion by the IMF by February 2016.

Review Reports by the European Commission and the IMF Regarding the Implementation of the Second Economic Adjustment Programme

According to reports prepared by the European Commission and the IMF in December 2012, January 2013 and July 2013, the recession rate in Greece in 2013 was expected to decrease to 4.2 per cent. of GDP compared to a decrease of approximately 6.4 per cent. in 2012. In its report, the European Commission estimated that the recession in 2012 and 2013 was linked to all basic parameters of domestic demand, given that the cuts in wages, the rise in unemployment and the restriction of social benefits have all affected disposable income. However, the European Commission estimated that in the medium-term, investments and exports will be the driving force of economic activity, while indications of recovery on a quarterly basis were expected beginning in the second half of 2013.

The IMF report acknowledged the progress made in structural reforms, through actions to reduce indirect labour costs, and reforms in the market for goods and confirmed the extension of the primary surplus target by two years (to 2016), rescheduled the disbursement of the tranches (the next tranches were set at approximately €1.8 billion each) and adjusted privatisation targets down, among other things. The report draws attention to the achievement of the financial targets of 2013-2014, through the co-operation of Greek and European authorities and estimates a fiscal gap of €4.4 billion. The European's Commission estimate was of €3.8 billion.

According to the third review of the Second Economic Adjustment Programme, Greece continues to make progress, public finances are steadily improving and important structural reforms are being implemented, albeit progress is slow in some areas. The macroeconomic assessment is broadly unchanged from the previous review with moderate price declines of 0.8 per cent. and 0.4 per cent. in 2013 and 2014, respectively, whereas the final figure for 2013 stood at -0.9 per cent. Overall, a GDP contraction of 4.2 per cent. was expected in 2013, while according to the realised figures from the Hellenic Statistical Authority real GDP in 2013 contracted by 3.9 per cent. but investment and exports were expected to generate a projected annual GDP growth of 0.6 per cent. in 2014. The annual unemployment rate was projected to peak at 27 per cent. in 2013 and then decline to 26 per cent. and 21 per cent. in 2014 and 2016, respectively. According to the latest available data mentioned above, the annual unemployment rate stood at 27.3 per cent. in 2013.

Corrective actions in the event of deviations from the Second Economic Adjustment Programme

Fiscal adjustment has been extended in time so as to reduce the impact of recession. The revised target provided at the time for a primary deficit of 1.5 per cent. of GDP in 2012, and steady improvement by 1.5 per cent. of GDP annually up to 2016. However, in line with the Second Economic Adjustment Programme, the fiscal adjustment rate will be accelerated to the extent that revenues from privatisations deviate from the

target and there is low funding (by half the deviation from the budgeted privatisation income and up to the amount of €1 billion plus additional adjustment per year).

A strategy has also been developed to achieve a primary surplus of 4.5 per cent. of GDP by 2016. The Greek government expects that income will increase when the economy enters the recovery phase, whilst benefits are also expected from the stronger and more efficient administration of revenue collection procedures. Furthermore, government efficiency is expected to improve through a series of additional reforms to government expenditure. To the extent that the fiscal deficit persists, there exist strategies which could be adopted to resolve it, including improving tax collection and broadening the tax base by further reducing exemptions and tax deductions, extending measures that are due to expire and applying targeted current spending cuts. The Greek Government will evaluate its fiscal targets for 2014 and will agree with the European Union, the ECB and the IMF any additional measures required to limit the funding gap in the context of the second revision of the Second Economic Adjustment Programme.

The Hellenic Financial Stability Fund (HFSF)

Summary

The First Economic Adjustment Programme required the establishment of the HFSF, funded by the Greek government out of the resources made available by the IMF and the EU to ensure adequate capitalisation of the banking system. If supervisory assessments conclude that a bank's capital buffer might fall below adequate levels to be determined, the shareholders will be invited to immediately bring additional capital or take bridging capital support from the HFSF. In its initial form, the capital support programme would provide equity to banks in the form of preference shares that could convert to ordinary shares. Should the financial targets set out under the restructuring plan devised by the HFSF and the Bank of Greece not be complied with, the HFSF would have the power to convert the preference shares into ordinary shares. The aforementioned capital support programme was subsequently amended in 2011 and 2012 to provide recapitalisation through the issue by Greek banks of ordinary shares, contingent convertible securities or other convertible instruments to be subscribed by the HFSF in the way described below. Law 4254/2014, which was enacted on 8 April 2014, brought about significant amendments to the regulatory framework of the HFSF. The HFSF will manage its participations in the banks with a view to selling all of its holdings in a limited timeframe and to maximise sale proceeds, and will make use of its shareholder rights to steer the board of the credit institution in a direction which would maximise its market value.

The HFSF has an initial duration of seven years, until 30 June 2017, with the possibility of (i) a one-year extension in case there are still outstanding warrants as at 30 June 2017; and (ii) a two-year extension following a decision by the Minister of Finance, if it is necessary for the achievement of the HFSF's objectives. Any shares remaining in the HFSF at the time it ceases its activities will be transferred to the Hellenic Republic. The amount of funds earmarked for the HFSF out of IMF and EU resources is currently €50 billion.

Following the amendment of Law 3864/2010 by the law set out above, the administrative structure of the HFSF was amended to the effect that there are two HFSF administrative bodies with decision-making powers, namely the nine-member General Council, of which one member is a representative of the Bank of Greece and one is a representative of the Ministry of Finance, and the three-member Executive Committee, of which one member is appointed by the Bank of Greece. One appointee of the ECB and one appointee of the EC each has the right to participate in the meetings of the General Council and the Executive Committee as an observer. Except from the appointee of the Ministry of Finance and the appointee of the Bank of Greece, the appointment of the other members sitting on the General Council and the Executive Committee requires the consent of the Euro Working Group. The Governor, the Deputy Governor, the members of the collective

bodies, the directors as well as any individuals belonging to the personnel of the Bank of Greece may not become members of the Executive Committee. Until the appointment of the two additional members of the General Council as provided for under the new amendment of Law 3864/2010, the HFSF will be managed by the existing seven-member General Council and during this period, four members will constitute a quorum in the meetings of the General Council.

The HFSF was established by Law 3864/2010 as a private law entity, having as a purpose to maintain the stability of the Greek banking system for the sake of the public interest. The HFSF operates in compliance with the commitments of the Hellenic Republic provided for in Law 4046/2012. In pursuing its objective, the HFSF: (i) provides capital support to credit institutions and to transitional credit institutions established under article 142 of Law 4261/2014; (ii) monitors and assesses whether credit institutions to which the HFSF provides capital support comply with their restructuring plans, while safeguarding the credit institutions' business autonomy; (iii) exercises its shareholding rights derived from its participation in the credit institutions; (iv) disposes of, in whole or in part, financial instruments issued by the credit institutions in which it participates; and (v) exercises its rights with respect to the transitional credit institutions established under article 142 of Law 4261/2014 according to the provisions of such law.

The members of the General Council and the Executive Committee, except for the representative of the Ministry of Finance, shall, in the performance of their duties, enjoy full autonomy and shall not seek or receive instructions from the Greek state or any other state body or institution, or financial institution supervised by the Bank of Greece, and shall not be subject to influence of any nature. Every two months, the General Council shall submit activities reports to the Minister of Finance. With a view to obtaining capital support, the credit institution must submit for approval to the European Commission through the Ministry of Finance, a restructuring plan containing all the measures that the credit institution undertakes to implement in order to cover the capital shortfall identified by the Bank of Greece. For credit institutions that have already received capital support from the HFSF, an amended restructuring plan shall be submitted. The restructuring plan or amended restructuring plan shall also describe by what means the credit institution will remain viable for the next three to five years under prudent assumptions. The HFSF oversees and evaluates the adequate implementation of the restructuring plan, or the amended restructuring plan, as applicable.

In the context of the share capital increases, the systemic banks were expected to raise a minimum of 10 per cent. of the capital increase amount from private sector investors, with the HFSF providing the balance. As set forth in Law 3864/2010 (before its recent amendment), if a minimum of 10 per cent. of the share capital increase of a systemic bank was subscribed for by the private sector by the time the HFSF acquired shares, then the exercise of the HFSF's voting rights in respect of their remaining capital contribution would be restricted to the exercise of voting rights solely on resolutions amending the bank's articles of association, including share capital increases or decreases, granting a relevant authorisation to the board of directors, mergers, divisions, conversions, revivals, extensions of the term or dissolution of the company and transfers of assets, including sales of subsidiaries or any other matter requiring an increased majority, in accordance with Law 2190/1920. To the extent that private sector participation was below 10 per cent., the HFSF would have unrestricted shareholder voting rights in respect of its shareholdings in the relevant systemic bank.

Following the completion of the 2013 share capital increase by Piraeus Bank in June 2013, where the 10 per cent. threshold was met, the HFSF issued 849,195,130 warrants, for certain of the ordinary shares it subscribed, which were provided for no additional consideration to the private investors who participated in the share capital increase.

Funding

The HFSF's capital is €50 billion, consisting of funds that are raised within the context of the EU's and the IMF's support mechanism for Greece by virtue of Law 3845/2010. It is gradually paid in by the Hellenic Republic and shall be evidenced by instruments which shall not be transferable until the expiry of the term of the HFSF. The HFSF's capital may be increased by a decision of the Minister of Finance. After the expiry of the HFSF's term and the completion of the liquidation process, the HFSF's capital and assets will be transferred to the Hellenic Republic by operation of law. In the event of the liquidation of a credit institution, the HFSF in its capacity as a shareholder of such credit institution will be satisfied preferentially towards any other shareholders, together with the Hellenic Republic as holder of the Special Preference Shares of Pillar I Law 3723/2008 (the **Hellenic Republic Support Scheme**).

Powers of the HFSF

Even in cases where the minimum private sector participation condition is met, the HFSF shall fully exercise its voting rights, without the above restrictions, if it is concluded, following a decision of the members of the General Council of the HFSF, that Piraeus Bank is in breach of material obligations included in, or facilitating, the implementation of the restructuring plan or included in the relationship framework agreement entered into between the HFSF and the credit institution.

The HFSF has certain powers over credit institutions receiving capital from the HFSF according to law 3864/2010. These powers are without prejudice to the supervisory powers of the Bank of Greece, and include, among others, the power to:

- appoint up to two members to the board of directors of a credit institution, as representatives of the HFSF;
- veto key corporate decisions of a credit institution's board of directors related to (i) dividend distributions, the remuneration policy relating to the chairman, managing directors and the other board members, general managers and deputies; (ii) any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the credit institution, including its business strategy and asset/liability management); and (iii) decisions significantly affecting HFSF's shareholding in the credit institution;
- request an adjournment of a board meeting for three business days in order to receive instructions from the HFSF Executive Committee, following consultation with the Bank of Greece;
- call a board meeting;
- approve the appointment of the chief financial officer;
- call a general shareholders' meeting for a credit institution within the deadlines provided in paragraph 2 of Article 7 of Law 3864/2010; and
- have free access to all books and records of the bank.

Each of the Bank of Greece, in its capacity as the competent authority for the supervision of credit institutions, and the HFSF will be authorised to exchange confidential information with one another to the fullest extent permitted by law.

In accordance with the provisions of Law 3864/2010, Piraeus Bank's relationship with the HFSF following the completion of the 2013 share capital increase is governed by the Relationship Framework Agreement, as

provided in the Memorandum of Economics and Financial Policies, which was executed on 10 July 2013. In addition to the above-mentioned powers, by virtue of the Relationship Framework Agreement and for the period which the HFSF holds shares representing at least 33 per cent. of Piraeus Bank's share capital, the HFSF's appointed representative has the power, among other things, to include items in the agenda of the General Meeting of ordinary shareholders of Piraeus Bank, of the Board of Directors and of the above committees of Piraeus Bank in which the representative participates. In addition, in accordance with the Relationship Framework Agreement, at least one of the HFSF Representatives is appointed as a member of the Audit Committee, the Risk Management Committee, the Remuneration Committee, and the Succession and Nomination Committee of the Board of Directors. Such HFSF Representative has the right to include items in the agenda of the meetings of the committee in which he participates and to request the convocation of such committee within seven days from his written request to the chairman of the relevant committee.

Furthermore, in accordance with the Relationship Framework Agreement, Piraeus Bank has the obligation to obtain the prior written consent of the HFSF for all material matters set forth in such agreement, including, *inter alia*, connected borrowers policy, all material corporate actions (e.g. capital increases, mergers, etc.), material investments or transfers of assets, the restructuring plan contemplated in Law 3864/2010, and the appointment of auditors.

Under the Relationship Framework Agreement, Piraeus Bank's decision-making bodies will continue to independently determine day-to-day business, commercial strategy and policy in accordance with the restructuring plan.

The template relationship framework agreement is available on the website of the HFSF (<http://www.hfsf.gr>). HFSF's website and the documents and information contained therein are not part of this Base Prospectus.

Recapitalisation procedures before the HFSF's participation

Law 4254/2014, which was enacted on 8 April 2014, introduced a special procedure for the participation of shareholders and subordinated creditors in the recapitalisation of credit institutions before or concurrently with the HFSF.

According to the provisions of the new article 6a of Law 3864/2010, should the voluntary measures provided for in a credit institution's restructuring plan fail to address the total capital shortfall of the credit institution as identified by the Bank of Greece and the licence revocation measures under article 19 and/or the reorganisation measures under articles 136 *et seq.* of Law 4261/2014 could lead to serious disturbances in the economy with adverse effects upon the public, the Cabinet, in order to ensure that the use of public funds is minimal and following a recommendation by the Bank of Greece, shall issue an Act for the application of mandatory measures aimed at allocating the residual amount of the capital shortfall of the credit institution to the holders of its capital instruments and other subordinated liabilities, as may be necessary.

Such allocation will respect the following hierarchy of claims:

- firstly, common shares;
- secondly, if needed, preference shares and other Tier I instruments; and
- thirdly, if needed, all other subordinated liabilities.

Claims of the same rank will be treated *pari passu*. Deviations from both the above hierarchy of claims and the *pari passu* principle can be justified, however, when there are objective reasons to do so.

The mandatory measures include:

- (i) the absorption of losses by the existing shareholders in order to ensure that the equity of the institution becomes equal to zero, where appropriate, by means of decreasing the nominal value of its shares following a decision of the competent body of the credit institution;
- (ii) the decrease of the nominal value of preference shares and other Tier I liabilities and then, if needed, other subordinated liabilities of the credit institution, in order to ensure that the net asset value of the credit institution is equal to zero; or
- (iii) if the net asset value of the credit institution is above zero, the conversion of preference shares and other Tier I liabilities and then, if needed, other subordinated liabilities of the credit institution, into Tier I capital instruments, in order to restore the capital adequacy ratio of the credit institution to the level required by the Bank of Greece.

In cases referred to in points (ii) and (iii), where the mandatory conversion does not fully cover the capital adequacy ratio required by the Bank of Greece and the provision of capital support from the HFSF is required, the conversion will take the form of conversion into common shares.

The above measures may also concern:

- any liabilities undertaken through the provision of guarantees granted by the credit institution with regard to debt or equity instruments issued by legal entities included in the consolidated financial statements of such credit institution, provided that the guarantees rank as subordinated liabilities of the credit institution; and
- any claims which rank as subordinated liabilities against the credit institution, under credit arrangements between the credit institution and the abovementioned legal entities.

The above instruments or liabilities are mandatorily converted into capital instruments in connection with a capital increase of the credit institution, failing which the credit institution should be subject to the measures referred to in article 19 and/or articles 136 *et seq.* of Law 4261/2014 and to the provisions of Law 3458/2006.

By way of derogation and subject to a positive decision of the European Commission in accordance with articles 107 to 109 of the Treaty on the Functioning of the European Union, the above measures may not apply, either fully or to individual instruments, in the event that the Cabinet concludes, upon recommendation by the Bank of Greece, that such measures would endanger financial stability or lead to disproportionate results, such as when the amount of capital support to be provided by the HFSF is small in comparison to that of the credit institution's risk weighted assets, and/or a significant portion of the capital shortfall has been covered by the private sector. These risks represent the objective grounds for derogation from the allocation of the residual amount of the credit institution's capital shortfall and the *pari passu* rule. The final assessment of the derogation rests with the European Commission on a case-by-case basis.

The aforementioned measures applicable to credit institutions constitute, for the recapitalisation purposes of Law 3864/2010, resolution measures as defined in article 2 of Directive 2001/24/EC of the European Parliament and the Council of 4 April 2001 on the reorganisation and winding up of credit institutions, that was transposed into Greek law with Law 3458/2006. The implementation of such measures, voluntary or mandatory, cannot in any case be:

- a. the reason for the triggering of contractual clauses that are put into place in case of liquidation, insolvency or other event that can be characterised as a credit event or event equivalent to insolvency; and
- b. considered as non-fulfilment or violation of the contractual obligations of the credit institution in order to establish a material grounds for the early termination of an agreement by counterparties of the credit institution; contractual terms contrary to the above do not produce any effect.

The holders of any capital or hybrid capital instrument, or other subordinated liability, including beneficiaries directly or indirectly benefiting from any guarantee ranking as a subordinated liability, of the credit institution subject to recapitalisation measures, shall not, following the implementation of the measures described above, be in a worse financial position than if the credit institution had been placed under liquidation (**no creditor worse off principle**).

In the event that the no creditor worse off principle is not observed, such shareholders and subordinated creditors are entitled to compensation from the Greek state, provided that they prove that their damages arising from the implementation of the mandatory measures are greater than if the credit institution had been put under liquidation.

A valuation is conducted in order to determine the losses that the shareholders and subordinated creditors would have assumed if instead of applying the mandatory measures, the credit institution had been liquidated. Any form of public financial support to the credit institution is disregarded for purposes of such evaluation. The valuation will be conducted after implementation of the mandatory measures by an independent valuer to be appointed by the Minister of Finance with a view to assessing whether shareholders, hybrid capital holders and subordinated liability holders would have been in a more favourable financial position if the credit institution had entered into normal insolvency proceedings immediately prior to the implementation of the mandatory measures.

The Cabinet Act for implementation of the mandatory measures is published in the Government Gazette, as well as in the form of a Greek language summary in the Official Journal of the EU and in two daily newspapers circulated throughout the territory of the Member State in which the credit institution has a branch or directly provides banking and other mutually recognised financial services, in the official language of such Member State. The summary will include the following:

- grounds and legal basis for issuing the Cabinet Act;
- available legal remedies and deadlines for seeking such legal remedies against the Cabinet Act; and
- the competent court before which legal remedies against the Cabinet Act may be sought.

Cabinet Act No. 11/11.4.2014 set forth necessary details relating to the above, including the procedure to appoint the independent valuers, the content of the independent valuation and the recommendation of the Bank of Greece, the methods for evaluating the claims, the hybrid capitals or instruments to be converted, the possibility of substituting the issuer of the instruments, the methods for completing the conversion and the details for the compensation of the holders of the instruments.

General

In case Piraeus Bank enters into liquidation proceedings, the HFSF for as long as it is a shareholder, shall be treated as preferred creditor against all other shareholders with respect to the allocation of liquidation proceeds.

During the participation of the HFSF in the share capital of credit institutions, the said credit institutions may not purchase treasury shares without the prior approval by the HFSF.

Approval of HFSF restructuring plans by the EC.

Any restructuring plan imposed by the HFSF is required to comply with EU rules on state aid and be approved by a decision of the EC ensuring that the credit institutions will restore viability at the end of the restructuring period, burden sharing of shareholders will be achieved and distortion of competition is limited. In line with EU state aid rules, in January 2013, Monitoring Trustees were appointed in all banks under restructuring, including Piraeus Bank. The Monitoring Trustees are responsible for overseeing the implementation of restructuring plans and Piraeus Bank's compliance with applicable state aid rules.

The Bank of Greece has implemented intensified supervision of credit institutions and increased the resources dedicated to banking supervision. This includes an increase in the frequency and speed of data reporting, and the further development of a comprehensive framework for regularly stress testing financial institutions. Staffing will be increased both for on-site inspections and off-site review, whilst also taking into account the new responsibilities of the Bank of Greece with respect to insurance supervision. Additional flexibility will be introduced in the management of human resources, and all Bank of Greece staff will be granted legal protection for actions performed in good faith.

Lock up Undertaking

The Pre-subscription Agreement between the HFSF, Piraeus Bank and the EFSF dated 28 May 2012 provided for a lock up undertaking (the **Lock-up Undertaking**) imposed on Piraeus Bank, with effect from the date of execution of the Pre-subscription Agreement until 18 months after the date of completion of the 2013 share capital increase, i.e. the date of delivery of the then offered shares to the purchasers thereof (2 July 2013). The Lock-up Undertaking of the Pre-subscription Agreement is one of the provisions that survived termination of the agreement. In particular, Piraeus Bank has undertaken, (i) not to proceed with any transactions whatsoever with respect to its ordinary shares, such as issues, sales, transfers, pledges, liens, charges, grants of security or options over such shares, or in any other way dispose of its legal title or beneficial interest in its ordinary shares; (ii) not to enter into any swap or similar agreement that transfers the economic consequences of the ownership of its ordinary shares; (iii) not to proceed to any capital increase or issue of securities, convertible or exchangeable or exercisable into its ordinary shares; and (iv) not to publicly disclose any intention to do any of the aforementioned. Any transactions carried out in the ordinary course of business in order to facilitate customer transactions, or expressly provided in the business plan that Piraeus Bank has procured in accordance with Article 6 paragraph 2 of Law 3864/2010, are excluded. Additionally, the Lock-up Undertaking does not apply to shares issued upon conversion of convertible financial instruments, where the repayment of such instruments is still pending at the date of the Pre-subscription Agreement. The HFSF can grant waivers in writing or decide in its sole discretion to release any securities subject to the Lock-up Undertaking.

Warrants

Pursuant to Law 3864/2010 and Cabinet Acts no. 38/9.11.2012 and 6/2013, the HFSF issued and delivered to the private individuals participating in a recapitalisation share capital increase under such law, for no additional charge, one warrant for each new share acquired in the share capital increase of a bank, under the

condition that the private sector participation in the capital increase of a credit institution is higher than 10 per cent. of the total amount of the capital increase.

Warrants are transferable securities that offer no voting rights to their holders and there are no restrictions as to their transfer. Pursuant to the above mentioned Cabinet Acts, each warrant incorporates the right of its holder to purchase a certain number of shares calculated using the following formula: $x=a/b$, where (x) is the total number of the shares that the warrant holder is entitled to purchase, (a) is the total number of ordinary shares that the HFSF acquires in the capital increase and (b) is the total number of ordinary shares that the private sector acquires in the capital increase. At the time of exercise, any fractional shares corresponding to the warrants of the same holder being exercised shall be aggregated and rounded down to the nearest integral number. Pursuant to Cabinet Act no. 38/2012 the number of ordinary shares corresponding to each warrant shall be adjusted accordingly in the case of corporate events.

The Greek Banking Sector Under the Hellenic Economic Crisis and the Economic Adjustment Programmes

As a result of the economic crisis detailed above, the stability of the Greek financial system came under considerable pressure in recent years. In particular, the instability in the money and capital markets, including the market for Hellenic Republic bonds, adversely affected the profitability and liquidity ratios of the Greek banking sector. Whilst the widening of Hellenic Republic bond credit spreads increased the market risk for Greek banks, the deterioration of the financial situation of businesses and households led to a further increase in NPL ratios for Greek banks. A rise in the NPL ratio was observed across all loan categories, with the total NPL ratio increasing to 15.9 per cent. as at 31 December 2011 and to 24.6 per cent. as at 31 December 2012. Specifically, losses from financial operations, coupled with a significant increase (on an annual basis) in provisions for credit risk, adversely affected banks' results of operations. Subsequently, the capital adequacy and financial results of operations of banks and their groups were significantly impacted by the PSI, implemented in March and April 2012.

To enhance the ability of Greek banks to use the refinancing facilities of the Eurosystem, the Greek government, upon the approval of the European Community, extended, initially until 30 June 2010 and subsequently until 31 December 2014, the deadline for the use of unallocated funds under the Hellenic Republic Support Scheme, which was established by Law 3723/2008, as revised by subsequent legislation. Law 3845/2010 expanded the bank bond guarantee scheme under the Hellenic Republic Support Scheme by €15 billion (in addition to the €15 billion which were initially provided for by Law 3723/2008). Moreover, by virtue of Law 3872/2010, the bank bond guarantee scheme was expanded by another €25 billion in April 2012. In this context, Greek banks issued bonds guaranteed by the Greek government totalling approximately €28 billion and received special Hellenic Republic bonds of approximately €7.7 billion as at 30 September 2010. Greek banks' access to liquidity was further facilitated by measures taken by the ECB, which decided on 3 May 2010 to accept as collateral in the Eurosystem's refinancing operations all Hellenic Republic bonds, as well as bonds guaranteed by the Greek government, irrespective of their credit rating. Finally, by virtue of Law 3965/2011, the bank bond guarantee scheme was expanded by another €30 billion.

To restore the capital adequacy of Greek banks, the Second Economic Adjustment Programme for Greece contemplated a €50 billion programme in February 2012. According to the Bank of Greece, the capital needs of all Greek banks as of May 2012 was €40.5 billion for the period up to 2014, out of which €27.5 billion were required for the four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank). The amount of €40.5 billion included losses of €37.7 billion, or 93 per cent. of that amount, which resulted from the implementation of the PSI. The four systemic banks, having €27.5 billion in capital needs, incurred losses from the PSI of €28.2 billion as at 31 December 2011.

The 13 per cent. decrease in deposits in Greek banks observed during the first half of 2012 was reversed after the June 2012 elections and the forming of a new government, and deposits in Greek banks increased by 9 per cent. in the second semester of 2012. As at the end of 2012, financing of Greek banks through the Eurosystem amounted to €121 billion, out of which only €19 billion originated from the ECB. The limited liquidity conditions and the use of the Emergency Liquidity Assistance by Greek banks have contributed to the considerable increase of their funding costs, whilst the cost of deposits remained at a particularly high level. However, during 2013 and 2014 the Greek systemic Banks have regained access to the markets with senior unsecured bond issues. Further to that, through their recent capital increases Greek banks have decreased considerably their reliance on Eurosystem funding.

The Bank of Greece is expected to closely monitor developments to ensure that the necessary steps are taken to increase the capital adequacy of banks where needed. The establishment of the HFSF, the allocation of €50 billion under the Second Economic Adjustment Programme to recapitalise Greek banks, as well as the completion of the share capital increases of the Greek systemic banks, provide a safety net for Greek banks' capital adequacy.

The Bank of Greece conducted stress tests during the last quarter of 2013 on Greek banks based on data as at 30 June 2013, in order to confirm their capital adequacy following their recapitalisation and on 6 March 2014 it published the capital requirements for each of the Greek banks. The key drivers of the capital requirements were credit loss projections on total loans granted in Greece and abroad and estimated operating profitability (pre provision income) of the banks, based on a conservative adjustment of restructuring plans submitted by the Greek banks to the Bank of Greece. The Bank of Greece adopted a rigorous approach, in order to ensure that the results would be sufficiently conservative, using the results of the independent diagnostic study conducted by BlackRock on Greek banks' loan portfolios. The capital needs of all Greek banks were estimated on the basis of the baseline scenario at €6.4 billion and on the basis of the adverse scenario at €9.4 billion. Piraeus Bank's capital requirements have been assessed at €425 million on the basis of the baseline scenario and at €757 million on the basis of the adverse scenario.

REGULATION AND SUPERVISION OF BANKS IN GREECE

The Bank of Greece is the central bank and is responsible for the licensing and supervision of credit institutions in Greece, in accordance with Law 4261/2014, Law 3746/2009 (*Deposits and Guarantee Fund*), Law 3691/2008 (*Anti Money Laundering*), Law 3862/2010 (*Payment Services*) and other relevant Greek laws, each as amended.

Regulation of the banking industry in Greece has changed in recent years as Greek law has changed largely to comply with applicable EU directives. In August 2007, the EU directives regarding the adoption of the new capital adequacy framework (**Basel II**) were incorporated into Greek law relating to the business of credit institutions and to the capital adequacy of investment firms and credit institutions. Following this, on 20 August 2007, the Bank of Greece issued ten Governor's Acts specifying the details for the implementation of Basel II, which took effect from 1 January 2008. A number of amendments to the regulatory framework were effected, altering the Group's capital requirements, for the implementation of the EU Directive 2009/111/EC (**CRD II**) and the EU Capital Requirements Directive III (**CRD III**) as discussed below under "*Regulation and Supervision of Banks in Greece - Guidelines for Risk-based Capital Requirements*".

Further, the Greek Government revised the terms of the Hellenic Republic Support Scheme to strengthen Greek banks' capital and liquidity positions. For more information concerning Piraeus Bank's participation in this plan, see below "*The Banking Sector and the Economic Crisis in Greece*". In addition, in response to the unprecedented economic downturn in the Hellenic Republic, in early May 2010, the Greek Government agreed to the IMF/Eurozone Stabilisation Programme. See "*The Banking Sector and the Economic Crisis in Greece - The IMF/Eurozone Stabilisation Programme*".

Finally, recently Greek Law 4261/2014 has been enacted (published in the Gov. Gazette No. 107/A/5-5-2014), implementing into Greek law the EU Directive 2013/36/EU (**CRD IV**). Greek Law 4261/2014 and the EU Regulation 575/2013, along with relevant acts issued by the Bank of Greece, form the core legal and regulatory framework of the operation of credit institutions in Greece

The regulatory framework

Credit institutions operating in Greece are obliged to:

- observe the liquidity ratios prescribed by the Bank of Greece (Act No. 2614/2009 of the Governor of the Bank of Greece which took effect from 1 July 2009, as amended by the Act No. 2626/2010 of the Governor of the Bank of Greece);
- maintain efficient internal audit, compliance and risk management systems and procedures (Act No. 2577/2006 of the Governor of the Bank of Greece, as amended and in force);
- submit to the Bank of Greece periodic reports and statements (Act No. 2651/2012 of the Governor of the Bank of Greece, as amended by Decision No. 108/1/4.4.2014 of the Credit and Insurance Issues Committee of the Bank of Greece);
- provide the Bank of Greece with such further information as it may require; and
- (in connection with certain operations or activities) make notifications to or request the prior approval (as the case may be) of the Bank of Greece, in each case in accordance with the applicable laws of Greece and the relevant Acts, Decisions and Circulars of the Bank of Greece.

Under Law 4261/2014, the Acts of the Governor of the Bank of Greece and other relevant laws of Greece, the Bank of Greece has the power to conduct audits and inspect the books and records of credit institutions. If a credit institution breaches any law or a regulation falling within the scope of the supervisory power attributed to the Bank of Greece, the Bank of Greece is empowered to:

- require the relevant credit institution to take appropriate measures to remedy the breach;
- impose fines (article 55A of Bank of Greece Articles of Association, as ratified by Law 2832/2000 and as amended by Act No. 2602/2008 of the Governor of the Bank of Greece, and article 59 of Law 4261/2014);
- appoint an administrator; and
- where the breach cannot be remedied or in case of insolvency, revoke the license of the credit institution.

If a credit institution lacks sufficient liquidity, the Bank of Greece may order a mandatory extension of its due and payable obligations for a period not exceeding twenty working days (which can be extended for a further ten working days) and appoint an administrator under its supervision. In accordance with article 55A of Bank of Greece Articles of Association, as ratified by Law 2832/2000 and as amended by Act No. 2602/2008 of the Governor of the Bank of Greece, in addition to other powers to impose sanctions under specific laws, the Bank of Greece has the general power to impose sanctions against credit institutions in case of any breach of any law or regulation falling within the supervisory power of the Bank of Greece. Such sanctions consist of the obligation of the credit institution to make a deposit to the Bank of Greece, amounting to 40 per cent. of the amount of the breach or to €20,000,000 if the breach cannot be evaluated. Alternatively, or in addition to the above, the Bank of Greece may impose a fine amounting to 40 per cent. of the amount of the breach or to €2,000,000, which may be increased to €3,000,000 in case of repetition of the breach. Further, in case of breaches provided for in article 59 of Greek Law 4261/2014 (implementing CRD IV), the Bank of Greece may, *inter alia*, administer pecuniary penalties of up to 10 per cent. of the total annual net turnover or up to twice the amount of the profits gained or losses avoided because of the breach.

Interest Rates

Under Greek law, interest rates applicable to bank loans are not subject to a legal maximum, but they must comply with certain requirements intended to ensure clarity and transparency, including with regard to their readjustments.

Limitations apply to the compounding of interest. In particular, the compounding of interest with respect to bank loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under Article 30 of Law 2789/2000 (as in force) and Article 39 of Law 3259/2004 (as in force).

Foreign Exchange

Starting in 1991, Greek foreign exchange restrictions were gradually relaxed, and were totally eliminated concurrently with the adoption of the euro on 1 January 2001. A 2 per cent. requirement of re-deposit and assignment, which currently applies to deposits in euro, applies to foreign currency deposits as well.

Under Article 4 of Law 2842/2000, effective 1 January 2001, credit institutions operating in Greece and authorised to enter into foreign currency transactions can freely enter into transactions of any type in foreign currencies and foreign notes, on their own account and at their own risk, in accordance with the provisions in force.

Furthermore, credit institutions operating in Greece publish daily rate bulletins of buy/sell exchange rates of foreign currencies and notes for the purposes of trading with the public. The relevant bid/offer spreads are determined freely. The Bank of Greece publishes daily reference exchange rates of the euro against foreign currencies based on the corresponding foreign exchange rate bulletins of the ECB.

Compulsory Deposits with the Central Bank

The compulsory reserve requirement framework of the Bank of Greece is in line with Eurosystem regulations. Reserve ratios are determined by category of liabilities at 1 per cent. for all categories of liabilities comprising the reserve base, with the exception of the following liabilities to which a zero ratio applies:

- deposits with agreed maturity over two years;
- deposits redeemable at notice over two years;
- repos; and
- debt securities with agreed maturity over two years.

This requirement applies to all credit institutions.

Restrictions on Enforcement of Collateral

According to Greek law 3814/2010, the forced auctions launched either by credit institutions or by companies providing credit or by their assignees to satisfy claims not exceeding €200,000 were suspended until and including 30 June 2010. Pursuant to Greek law 3858/2010, and specifically, under article 40, the above suspension was extended until 31 December 2010; this suspension was subsequently extended until 31 December 2013.

Pursuant to article 2 of Law 4224/2013, from 1 January 2014 until 31 December 2014 the auction of the debtor's main residence is suspended provided that the following requirements are all met: a) the relevant property is stated as the debtor's main residence in his/her last annual tax statement; b) the value of the residence does not exceed €200,000; c) the annual family income of the debtor does not exceed €35,000 (or €38,500 for families with three children or more or for those with disabilities of more than 67 per cent.); d) the total value of the debtor's tangible and intangible assets does not exceed €270,000 (or €297,000 for families with three children or more or for those with disabilities of more than 67 per cent.); and e) the total amount of deposits and securities held by the debtor on 20 November 2013, in Greece or abroad, did not exceed €15,000 (or €16,500 for families with three children or more or for those with disabilities of more than 67 per cent.). During this suspension, auction against a guarantor's real property is not permitted.

In addition, under Greek law 3869/2010 on the restructuring of debt of individuals enforcement on an individual's primary residence may be suspended under certain conditions.

Guidelines for Risk-based Capital Requirements

In the context of the global financial crisis, governments and inter-governmental organisations such as the EU and the Basel Committee on Banking Supervision have introduced a number of legislative and regulatory initiatives, which are expected to materially change the current regulatory framework for credit institutions on capital adequacy, liquidity and the range of activities of banks, in general. As a result of recent, upcoming and other subsequent changes in the regulatory environment, the Group may be required to comply with stricter regulations on capital adequacy in Greece and abroad.

In December 2010, the Basel Committee on Banking Supervision issued its final proposals on the reform of capital and liquidity requirements (**Basel III**). Certain of the Basel III proposals are expected to be phased in until 2019 and may also lead to higher capital requirements for the Group. Among other changes, Basel III proposes to:

- upgrade the quality, consistency and transparency of the capital base;
- introduce a leverage ratio;

- enhance the coverage of counterparty credit risk in the capital adequacy framework;
- implement a capital conservation buffer; and
- implement an international standard with regard to minimum short and longer term liquidity in the banking sector.

On 17 July 2013, the European Parliament and the Council adopted Directive 2013/36/EU on access to the activity of credit institutions and investment firms and Regulation 575/2013 on prudential requirements for credit institutions and investment firms (**CRD IV**) with the goal of implementing Basel III. The Regulation has been directly applicable to all EU Member States from 1 January 2014, while the Directive 2013/36/EU has been transposed into Greek law in May 2014 pursuant to Greek Law 4261/2014.

Under the CRD IV and according to the relevant guidelines concerning transitional discretions issued by the Bank of Greece, being the National Competent Authority:

- the minimum Common Equity Tier I (**CET1**) capital ratio will be 4.5 per cent. as from 1 January 2015;
- the minimum Tier I capital ratio will be 6 per cent. as from 1 January 2015;
- the Total Capital Ratio will be 8 per cent. as from 1 January 2015; and

the banks will be required to gradually increase their capital conservation buffer to 2.5 per cent. by 2019 beyond the existing minimum CET1 ratios (i.e., 0.625 per cent. as at 1 January 2016, 1.25 per cent. as at 1 January 2017 and 1.875 per cent. as at 1 January 2018), raising the minimum Common Equity Tier 1 capital ratio to 7 per cent. and the Total Capital Ratio to 10.5 per cent. in 2019.

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

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

It is noted that as at the end of March 2014 the Group's Total Capital Adequacy Ratio under the newly introduced CRD IV regulatory framework stood at 13.1 per cent. and the CET1 ratio at 12.9 per cent., well above the minimum target ratios.

CRD III has been implemented into Greek law by Law 4021/2011, and CRD IV has been implemented into Greek law by the recently enacted law 4261/2014.

During 2011, 2012 and 2013, the Governor of the Bank of Greece issued a series of Acts (**Bank of Greece Governor's Acts**) aiming to further strengthen the supervisory framework for credit institutions and incorporate specific EU Directives. Specifically, the Bank of Greece adopted the following acts:

- Bank of Greece Governor's Act 2645/09.09.2011 (*"Redefinition of calculation rules on capital requirements for securitisation exposures / resecuritisation"*)
- Bank of Greece Governor's Act 2646/09.09.2011 (*"Update of calculation rules on market risk capital requirements for credit institutions"*)
- Bank of Greece Governor's Act 2651/20.01.2012 (*"Regulatory data and information that credit institutions are required to report periodically to the Bank of Greece"*)
- Bank of Greece Governor's Act 2655/19.03.2012 (*"Technical criteria relating to the transparency and the disclosure of information relating to the prudential supervision of credit institutions"*)
- Bank of Greece Governor's Act 2661/03.07.2012, which amends a number of Bank of Greece Governor's Acts relating to the capital adequacy and the measurement of regulatory capital of exposures and risks of the credit institutions.
- Bank of Greece Executive Committee Act 13/28.03.2013 (*"Determination of Core Tier I for risk-weighted assets"*), pursuant to which the minimum Core Tier I ratio was set at 9 per cent. In addition, credit institutions must maintain a minimum 6 per cent. ratio, which takes into account certain Core Tier I elements and, in particular, the extent to which total preferred shares and contingent convertible securities, if any, exceed Core Tier I elements. The provisions of this Act took effect on 31 March 2013.
- Bank of Greece Executive Committee Act 36/23.12.2013, pursuant to which the full amount of available deferred tax assets will be included in the Core Tier I ratio. The provisions of this Act took effect on 31 December 2013.

Additional Reporting Requirements

Following the adoption of Basel II guidelines, the Bank of Greece issued Governor's Act No. 2606/2008 determining the reporting requirements for credit institutions in Greece. This Act has been abolished by Act No. 2651/2012 of the Governor of the Bank of Greece, as amended by Decision No. 108/1/4.4.2014 of the Credit and Insurance Issues Committee of the Bank of Greece, determining the new reporting requirements for credit institutions in Greece, which include the following:

- capital structure, special participations, persons who have a special relationship with the credit institution and loans or other types of credit that have been provided to these persons by the credit institution;
- own funds and capital adequacy ratios;
- capital requirements for credit risk and counterparty credit risk;
- capital requirements for market risk of the trading book (including foreign exchange risk);
- information on the composition of the trading book;
- capital requirements for operational risk;
- large exposures and concentration risk;
- liquidity risk;

- financial statements and other financial information;
- covered bonds;
- combating money laundering and terrorist financing;
- information systems;
- employees;
- branch network; and
- other information.

Piraeus Bank submits periodically (every three months, every six months or annually) to the Bank of Greece a complete set of reports that are required under the regulatory framework both on Piraeus Bank level, as well as on Piraeus Bank Group level. Some of these reports are submitted on a monthly basis on the Piraeus Bank level only.

Deposit Guarantee Fund

In January 1993, the Greek Parliament (by virtue of law 2832/2000) adopted and introduced the deposit protection fund (**Deposit Guarantee Fund** or **DGF**). Currently, the DGF has been succeeded by the Hellenic Deposit and Investment Guarantee Fund (**DIGF**) which is a private entity established by Greek Law 3746/2009, as amended and in force. The DIGF is administered jointly by the Bank of Greece, the Hellenic Bank Association and the Ministry of Finance.

DIGF's objective is to indemnify (a) depositors of credit institutions participating in the DIGF, either mandatorily or voluntarily, and failing to comply with their obligations towards their depositors and (b) clients to whom credit institutions offer investment services in case such institutions fail to comply with their obligations under such services, as well as to finance bank resolution measures.

The DIGF is funded by annual contributions of participating credit institutions and donations, liquidations of receivables and other contributions and loans. The level of each participant's annual contribution is generally determined according to certain percentages applied to the total amount of eligible deposits. If accumulated funds are not sufficient to cover the claimants whose deposits become unavailable, participants may be required to pay an additional contribution. However, this contribution may not exceed an amount equal to 300 per cent. of a bank's last annual contribution. This additional contribution is set-off against the annual contributions of following years. Greek law initially adopted the minimum level of coverage provided by the EU Directive 1994/19/EC on deposit guarantee schemes, which amounts to €20,000 per depositor per credit institution. However, following the market developments in 2008, and based on the resolutions of the meeting of the EU Economic and Financial Affairs Council (**ECOFIN Council**) on 7 October 2008, the coverage level was increased to €100,000 until 31 December 2011. Following amendment of Greek Law 3746/2009 by Greek Law 4021/2011, the coverage level is currently set at €100,000. The level of coverage extended to credit institution clients relating to the provision of investment services is €30,000 per depositor per credit institution.

Prohibition of Money Laundering and Terrorist Funding

Greece, as a member of the Financial Action Task Force (**FATF**) and as a Member State of the EU, fully complies with FATF recommendations and the relevant EU legal framework. Law 3691/2008 on the prevention and suppression of money laundering and terrorist funding implemented EU Council Directives 2005/60/EC and 2006/70/EC. The main provisions of Greek legislation on money laundering and terrorist financing are as follows:

- money laundering and terrorist financing constitute criminal offences;
- persons subject to the law include credit institutions, financial institutions, and certain insurance undertakings;
- credit institutions (and other persons) are required to identify customers, retain documents and notify authorities of suspicious transactions;
- provisions of private law and banking secrecy do not apply to money laundering activities; and
- the Committee for the Combating of Money Laundering and Terrorist Financing was established and given responsibility for examining reports filed by banks and other natural or legal persons with respect to suspicious transactions. Among others, several ministries, the Bank of Greece, the HCMC, tax authorities and the police participate in the administration of this committee.

In July 2002, the Greek Parliament adopted Law 3034/2002, which implemented the International Convention for the Suppression of the Financing of Terrorism, with which Piraeus Bank are fully compliant. Additionally, Piraeus Bank complies with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (known as the “USA PATRIOT Act of 2001”), which took effect from October 2001 and which has implemented a range of new anti-money laundering requirements on banks and other financial services institutions worldwide.

The Bank of Greece, through its Banking and Credit Affairs Committee, has also issued Decision No. 281/5/2009 on the “*Prevention of the use of the credit and financial institutions, which are supervised by the Bank of Greece, for the purpose of money laundering and terrorist financing*”. Decision No. 281/5/2009 takes into account the principle of proportionality, the obligations of all credit and financial institutions and FATF recommendations. The decision also reflects the common understanding of the obligations imposed by European Regulation 1781/2006 on the information on the payer accompanying funds transfers to payment service providers of payees.

Equity Participation by Banks

Banks must follow certain procedures regarding holdings in other companies. Under Law 4261/2014, credit institutions may not have a qualifying holding, the amount of which exceeds 15 per cent. of its own funds in an undertaking, that is not a credit institution, a financial institution, an insurance or re-insurance company, an investment firm or an undertaking carrying on activities which are a direct extension of banking or concern services ancillary to banking. The total amount of a credit institution’s qualifying holdings in such undertakings may not exceed 60 per cent. of its own funds. A “qualifying holding” means a direct or indirect holding in an undertaking which represents 10 per cent. or more of the capital or the voting rights, or which makes it possible to exercise a significant influence over the management of that undertaking.

To calculate these thresholds, the following shares or holdings are not taken into account:

- shares or holdings that are held by the credit institution as a result of credit support to an undertaking in distress for a period of one year (that may be extended for one more year following a resolution of the Bank of Greece);
- shares or holdings that are held as a result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period;
- shares or holdings that are held on behalf of a third party; and
- shares or holdings included in the trading book of the credit institution.

The above thresholds or the time limits referred to above may be exceeded in exceptional cases following a decision of the Bank of Greece to that effect, provided that the credit institution either increases its own funds or takes equivalent measures. The Bank of Greece may also allow the thresholds and the time limits to be exceeded, provided that the excess is fully covered by own funds which are not taken into account for the calculation of the capital adequacy ratio.

According to Act No. 2604/2008 of the Governor of the Bank of Greece, credit institutions must obtain central bank approval to acquire or increase a qualifying holding in the share capital of credit institutions, financial services companies, insurance and re-insurance companies, information technology and financial data collection processing companies, asset and liability management companies, venture capitals, real property management companies, paying systems management companies and external credit assessment institutions. The provisions of such Act do not apply to branches of credit institutions with their registered seat in a country of the European Economic Area, or outside the European Economic Area provided that the Bank of Greece has recognised the equivalency of their supervisory regime. For the purposes of the aforementioned Act a “qualifying holding” means a direct or indirect holding in an undertaking which represents 10 per cent. or more of the capital or the voting rights, or which makes it possible to exercise a significant influence over the management of the undertaking. Any “indirect holding” means the one held by a subsidiary of the credit institution.

Prior approval for the acquisition or increase of a qualifying holding is not required in any of the following circumstances:

- (1) If the value of the qualifying holding does not exceed, in the aggregate, taking into account any increases effected within the same calendar year, 2 per cent. of the credit institution’s own funds, as calculated on the basis of the data for the immediately preceding calendar quarter.
- (2) If the value of the qualifying holding amounts to, in the aggregate and taking into account any increases effected within the same calendar year, between 2 per cent. and 5 per cent. of its own funds as calculated on the basis of the data for the immediately preceding calendar quarter, provided that:
 - the capital adequacy ratio (on a consolidated basis), after calculating the influence of such qualifying holding, exceeds the minimum ratio required by law plus (i) one percentage point in the case of credit institutions having the status of a société anonyme and (ii) five percentage points in the case of cooperative banks; and
 - the ratio of the core or Tier 1 capital to the assets of the credit institution amount at least to 6 per cent.
- (3) If the acquisition or increase of the qualifying holding:
 - is a result of investments made by investment companies of Law 3371/2005 or real estate investment companies of Law 2778/1999; or
 - is the result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period; or
 - is effected without the direct or indirect disposal of funds, with the exception of exchange of shares in case of credit institutions’ mergers (which, in such case the provisions of paragraphs (1) and (2) above apply).

The value of qualifying holdings under paragraph (3) is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (1) and (2) above.

- (4) If the acquisition or increase of the qualifying holding in an undertaking is supervised by the Bank of Greece, provided that such holding is subject to approval pursuant to the general provisions

regarding the establishment and operation of such undertaking and the suitability of its shareholders. The value of such qualifying holding is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (1) and (2) above.

Subject to EU regulations, new and significant holdings (concentrations) must be reported to the Greek Competition Commission according to Greek Law 3959/2011, as in force.

The CMC and ATHEX must be notified once certain ownership thresholds are crossed with respect to listed companies.

Payment Services Directive (PSD)

EU Council Directive 2007/64 on payment services established uniform rules on electronic payments (for example, debit card payments or monies transfer) in 30 European countries (EU Member States, Iceland, Norway and Lichtenstein). PSD sets forth information to be furnished to payments services users and renders such payments faster and safer.

EU Council Directive 2007/64 was incorporated in Greek law by Law 3862/2010, according to the provisions of which any payment service provider, including Piraeus Bank, must ensure easy access to a minimum of information and transparency concerning the respective payment services, as per the terms and conditions further provided for in such Law. The provisions of Law 3862/2010 regulate banking activity in aspects such as the transparency of the terms, notification requirements, contracts, provision of payment services, refunding, credit to the beneficiary, the valuer etc. The new legal framework includes a series of provisions protecting the rights of payment services users.

MiFID

EU Council Directives 2004/39 and 2006/73 and Council Regulation 1287/2006 on investment services or the Markets in Financial Instruments Directive (the **MiFID**) were introduced in Greece by Law 3606/2007 (the **MiFID Law**) and subsequent decisions of the Hellenic Capital Market Committee as well as Bank of Greece Governor's Acts. Relevant provisions introduced significant changes with a view to improving the legal framework of investment services: investment services providers must categorise their clients as per the latter's risk profile, offer increased transparency on their fees and expenses payable by clients, ensure timely forwarding of clients' orders concerning transactions under the ATHEX, locate and prevent interest conflicts, and other relevant matters.

THE MORTGAGE AND HOUSING MARKET IN GREECE

The Greek housing loan market was deregulated in the early 1990s. This allowed both domestic and foreign commercial banks to rapidly establish themselves in this market as well as in the broader region of South-Eastern Europe. The four largest lenders in the Greek residential mortgage market are the National Bank of Greece, Alpha Bank, Piraeus Bank and Eurobank, together accounting for close to 99 per cent. of the total market as at end of March 2014, holding approximately one quarter each. (*Source: Bank of Greece and published financial statements of each bank.*)

Over the last decade and following Greece's adoption of the Euro, households have taken advantage of the downward convergence of borrowing costs and the stable macroeconomic environment to increase their leverage. The residential mortgage market thus experienced growth of 25 per cent. per annum in the period from 2000 to 2009 and mortgage credit increased from 11 per cent. of GDP in 2001 to around 34 per cent. by the end of 2009.

The global credit crunch and the global financial crisis effectively ended this rapid expansion, and 2009 saw the mortgage loan growth rate in Greece decelerate to 3.7 per cent. per annum from an increase of 12 per cent. per annum in 2008 and 21 per cent. per annum in 2007. The Greek crisis that followed the international one, as is known, resulted in unprecedented GDP contraction in Greece (with approximately a 25 per cent. GDP decrease on a cumulative basis in the last five years) and had a significant impact on disposable income, employment and propensity to invest in real estate property, which was also related to a heavy tax burden. As a result, outstanding balances of the mortgage market in Greece have declined from €80.2 billion at the end of 2009 to €70.3 billion in May 2014.

This deceleration is attributable to the stricter lending criteria applied by the Greek banking sector, as well as lower demand from households as a result of high uncertainty surrounding Greece's fiscal developments. Nevertheless, at the end of 2013, the 39 per cent. penetration rate of mortgages in Greece as a percentage of GDP remained well below the Eurozone average of 47 per cent. Since 2009, house prices have dropped about 28 per cent, while in major city centres such as Athens and Thessaloniki, prices have fallen at about 30 per cent. and 32 per cent., respectively. Changes in the Greek legislation immobilized the market in the first quarter of 2014, but many real estate agencies estimate that prices will stabilise from now on and, as soon as buyers realise that, real estate activity will gradually increase. (*Source: real estate agencies survey conducted by the BoG.*)

Piraeus Bank (adding Geniki's balances of about €0.9 billion) held approximately 24 per cent. of the total mortgage market in Greece as at the end of May 2014.

Mortgage Products

The Greek mortgage market offers fairly standard products, as well as more sophisticated products, especially for affluent and private banking customers, driven by demand and strong competition among lenders.

The mortgage product mix that most banks offer consists of the following:

- (a) long-term fixed rate mortgages (they account for a small percentage of the market);
- (b) floating rate mortgages, based on EURIBOR;
- (c) fixed rate mortgages for an initial period (for example, for one, two, three, five, 10 or 15 years) converting to a floating rate based on EURIBOR thereafter;
- (d) mortgages with floating rates which are subsidised up to a certain amount and for a specific period of time by the Greek State; and

- (e) preferential floating rate mortgages granted in favour of the banks' employees.

In the past, the following products were offered on the Greek mortgage market and are present in the outstanding mortgage portfolios from previous years' disbursements:

- (a) floating rate mortgages, based on LIBOR (loans denominated in Swiss francs);
- (b) mortgages with a discounted fixed rate for an initial period of either one or two years, converting to a floating rate thereafter; and
- (c) mortgages with floating rates which were subsidised up to a certain amount and for a specific period of time by OEK.

Typically, mortgage loans have an average term of 20 years, with a maximum term of 40 years, mostly applicable to the "back book" (i.e. mortgages granted up to 2010) and in the case of term extensions. Currently, most banks offer a maximum tenor of 30 years for new loans. Annuity loans are the most common form of repayment, while interest-only loans account for only a very small proportion of total loans.

The Greek Housing Market

The Greek housing market is characterised by very low turnover: strong family ties keep the younger generation with their parents until their first home purchase, which usually accompanies marriage.

Home ownership within Greece is highest in the regions outside Athens and lowest in Athens, and the ownership of second homes is quite common.

The most common type of property is the apartment, followed by maisonettes and detached houses.

Security for Housing Loans

In Greece, security for housing loans is created by establishing a mortgage. A mortgage can be established by a notarial deed (or by a judicial decision, or by law in special cases). The establishment of a mortgage by notarial deed is quite costly and is therefore not preferred by banks and borrowers. Instead, banks generally obtain a pre-notation of a mortgage, which is an injunction over the property entitling its beneficiary to obtain a mortgage as soon as a final judgment for the secured claim has been obtained, but which is valid as of the date of the pre-notation. From the perspective of enforceability, ranking of the security and preferred right to the proceeds of the auction, there is no difference between a holder of a mortgage and a holder of a pre-notation of a mortgage, since the latter is treated as a secured creditor of the property. Both the holder of a pre-notation of a mortgage and a mortgagee need an enforcement right before commencing enforcement procedures. The difference between them is that the pre-notation is a conditional security interest whose preferential treatment is subject to the unappealable adjudication of the claim it purports to secure, whereas a mortgagee's claim is enforceable pursuant to the mortgage deed itself.

Establishing a pre-notation is the most common way of establishing security for a housing loan in Greece.

The pre-notation, as a form of injunction, can be established with or without the consent of the owner(s) of the property on which the pre-notation will be established, but is only granted pursuant to a court decision.

The procedures adopted by lenders of housing loans in practice have led to an arrangement whereby pre-notations are granted "by consent", where both the lending bank and the owner of the property over which the pre-notation will be established (i.e. the borrower, guarantor or a third party), appear before the competent court and consent to the establishment of the pre-notation on the specific real estate property. The court issues the decision immediately (in fact, the decision is drafted beforehand by the lending bank and is certified and signed by the judge who hears the claim).

Having a certified copy of the court decision and a summary thereof, the lawyer of the lending bank takes them to the Land Registry or the Cadastre, where applicable, along with a written request for the issuance (by the Cadastre or the Land Registry) of certificates confirming:

- (a) the ownership by the person that consented to the granting of the pre-notation (i.e. the borrower, guarantor or third party) of the mortgaged property;
- (b) the registration and ranking of the pre-notation;
- (c) the absence of (judicially raised) claims of third parties against the current and all previous owner(s) of the mortgaged property; and
- (d) any other mortgages, pre-notations or seizures preceding the pre-notation registered by the bank.

At the same time, the bank's lawyer effects a search in the Cadastre or the Land Registry, in order to confirm the uncontested ownership of the person that consented to the granting of the pre-notation (i.e. the borrower, guarantor or third party, as the case may be) and the first priority nature of the mortgage or pre-notation, before the loan can be disbursed.

Once the certificates are issued, they are reviewed by the bank's legal department and are included in the borrower's file. The legal review of both the ownership titles and the pre-notation registration is based on public documents, i.e. on notarial deeds and certificates issued by the competent Land Registries or Cadastres, where applicable. The history of the ownership titles for the previous 20 years is examined (which is the period for adverse possession). Such a review together with a titles search in the Cadastre or the Land Registry, precedes the approval of the loan. Upon registration of the pre-notation, a second titles search is made to confirm the *status quo*.

Enforcing Security

It is Piraeus Bank's policy to commence enforcement proceedings once an amount remains unpaid under a loan for more than 180 days, at which point, the loan is terminated. Once a loan is in default for more than 180 days, a notice of termination of the loan is served on the borrower and on the guarantors (each borrower being, in respect of a Loan, the individual specified as such in the relevant mortgage terms together with each individual (if any), such as a guarantor, who assumes from time to time an obligation to repay such Loan (the **Borrower**)), if any, informing them of this fact and requesting the persons indebted to an immediate payment of all amounts due. Following the service of notice of termination of the loan on the Borrower and in the case of continued non-payment, a judge of the competent First Instance Court is presented with the case upon which the judge issues an order for payment to be served on the Borrower together with a demand for immediate payment. Service of the order and demand for payment is the first action of enforcement proceedings. Three working days after serving the payment order and demand, the property can be seized and the auction process starts (see below for a description of the auction process). The Borrower, after being served the order for payment, is granted 15 working days to contest the validity of the order for payment, either on the merits of the case or on the ground of procedural irregularities. This can be done by filing an Article 632 Annulment Petition before the relevant Court of First Instance (in short, **632/Annul**). At the same time, the Borrower can file an Article 632 Suspension Petition (in short, **632/Susp**) for the suspension of the enforcement proceedings as a provisional measure, which takes place together with the hearing of the 632/Annul. At the time of filing the 632/Susp, in most cases, immediate suspension is granted up until the hearing of the 632/Susp. If the Court of First Instance decides that the arguments in the 632/Susp are correct and reasonable, the suspension of enforcement will be granted to the petitioner until the issue of a final Court of Appeal's decision on the 632/Annul. If the Court of First Instance decides that the 632/Annul has no grounds and rejects this, the suspended enforcement procedures can continue. If the Borrower has not filed a 632/Annul and subsequent Article 632/Susp within 15 working days after serving the payment order, then the bank according to Article 633 CCP may again serve the payment order whereby a second period of 10

working days is granted to the Borrower to contest the payment order by filing an Article 633 Annulment Petition (in short, **633 Annul**). Failure to contest the payment order will result in the order for payment becoming final and the bank acquiring a final deed of enforcement and then the relevant pre-notation, for the loans covered with, must be converted into one or more mortgages within 90 days.

The 632/Annul will be heard within 26 to 32 months after its filing and another six to eight months are required for a decision to be issued by the court, upon which either the enforcement procedures are continued due to the decision rejecting the 632/Annul, or the legal process before the Court of Appeal is continued by the bank until a decision is reached regarding the contested order of payment. The defeated Borrower may also continue the legal process but, in the experience of Piraeus Bank, it is highly unusual that a suspension of enforcement proceedings will be granted by the Court of Appeal if the initial suspension was granted up until the decision of the First Instance Court.

The Borrower may also file with the relevant Court of First Instance an Article 933 Annulment Petition (in short, **933/Annul**) for annulment of certain actions of the foreclosure proceedings based on reasons pertaining to both the validity of the order for payment and to procedural irregularities. Both 632/Annul or 633/Annul and 933/Annul may be filed either concurrently or consecutively, but it should be noted that the 933/Annul may not be based on reasons pertaining to the validity of the order for payment, once the order for payment has become final as mentioned above. The time for the filing of a 933/Annul varies depending on the foreclosure action that is being contested. The filing of a 933/Annul entitles the Borrower to file an Article 938 Suspension Petition (in short, 938/Susp) in relation to the enforcement until the decision of the Court of First Instance on the annulment motion is issued. Again, foreclosure proceedings may be suspended until the hearing of the 938/Susp, which, in a normal case where the Borrower seeks the suspension of the auction, takes place 5 days prior to the auction and the relevant decision is issued 2 days prior to the auction. It should nevertheless be noted that such suspension is more difficult to obtain if the Court of First Instance has already rejected a 632/Susp based on similar reasons.

The actual auction process is started with seizure of the property, which takes places 3 working days after the order for payment is served on the Borrower. The seizure statement that is issued by the bailiff who performs it, contains the auction date (a Wednesday which is also a business day with the auction terminating not earlier than 17.00 hours Athens time) and place and the notary public who will act as the auction clerk. At this point all mortgagees (including those holding a pre-notation) are informed of the upcoming auction.

The minimum auction price is at least equal to the taxable (“objective”) value of the property (set out in accordance with articles 41 and 41a of Greek Law 1249/1982) pursuant to Greek Law 3714/2008 and can be contested by the Borrower or any other lender if supported by evidence that the property value is significantly higher or lower than the proposed auction value. In such case, the auction is postponed until a date not exceeding six months from the initial auction date and for a new reserve price, both as determined by the Court of First Instance.

The auction will take place at the Court of Peace within the competent territory where the enforcement has commenced. In the auction, the property is sold to the highest bidder who then has 15 days to pay the auction price. Once the price of the property is paid, the notary public prepares a special deed listing all the creditors and allocating the proceeds of the auction. Each creditor must announce its claim to the notary public within 15 days of the auction, otherwise the notary public will not take his claim into account. Once the allocation of proceeds amongst the creditors of the Borrower has been determined pursuant to a deed issued by a notary public, the creditors of the Borrower may dispute the allocation and file a petition contesting the deed. The Court of First Instance adjudicates the matter but the relevant creditor is entitled to appeal against the decision to the Court of Appeal. This procedure may delay the collection of proceeds for up to five years. This can further delay the time at which the Issuer finally receives the proceeds of the enforcement of the relevant property. However, the law provides that a bank is entitled to the payment of its claim even if its allocation priority is subject to a challenge, provided that the bank provides a letter of guarantee securing repayment of the money in the event that such challenge is upheld.

Following the example of other countries, Greek Law 3714/2008 for the protection of borrowers has been passed by the Greek Parliament which provides, among other things, that (a) enforced public auctions should be made by sealed bids and, if there is more than one bidder, be followed by oral bids between the two highest bidders, (b) the starting price of the auction must be at least equal to the “objective” price of the property, as assessed for tax purposes, (c) each bid must be accompanied by a bank guarantee or banker’s draft of an amount equal to the starting price, (d) properties being the sole residence of the debtor may not be seized and judicially sold by credit or financial institutions for claims not exceeding the amount of Euro 20,000 in cases where the debtor is in a state of proven impossibility to perform his contractual obligation through no fault of his own (this restriction would not apply to debts secured by mortgages and pre-notations granted with the consent of the debtor and thus will not apply to any of the loans in the Cover Pool, which are all secured by such charges).

Pursuant to article 2 of Law 4224/2013, from 1 January 2014 until 31 December 2014 the auction of the debtor's main residence is suspended provided that the following requirements are all met: a) the relevant property is stated as the debtor's main residence in his/her last annual tax statement; b) the value of the residence does not exceed €200,000; c) the annual family income of the debtor does not exceed €35,000 (or €38,500 for families with three children or more or for those with disabilities of more than 67 per cent.); d) the total value of the debtor's tangible and intangible assets does not exceed €270,000 (or €297,000 for families with three children or more or for those with disabilities of more than 67 per cent.); and e) the total amount of deposits and securities held by the debtor on 20 November 2013, in Greece or abroad, did not exceed €15,000 (or €16,500 for families with three children or more or for those with disabilities of more than 67 per cent.).

The proceeds of an auction following enforcement against a property securing a Loan must be allocated in accordance with Articles 975 CCP (as recently amended by article 41 of Greek Law 3863/2010, article 56 of Law 3994/2011, article 19 paragraph 10 of Law 4055/2012 and article 71 of Law 4174/2013) and 976 CCP. After deduction of the enforcement expenses (including legal, bailiff’s and notarial fees), any claims of the Hellenic Republic against the relevant Borrower in respect of Value Added Tax and related surcharges, any claims arising from employment relationships and contracts for legal and educational services in the previous two years, claims against the relevant Borrower of social security funds subject to the responsibility of the General Secretariat of Social Security arising until the time of the auction, as well as compensation claims against the relevant Borrower of persons suffering disability at the level of 67 per cent. or more arising until the time of the auction, are ranked before any other creditor. Then, one-third of the remaining proceeds is allocated to claims of the public sector and other preferential claims listed in Article 975 CCP and the remaining two-thirds to the secured creditors, i.e. mortgagees, with any excess being available to satisfy the claims of unsecured creditors according to Articles 976 and 1007 CCP. Once the list of creditors is confirmed and adjudicated, the proceeds are distributed according to the ranking order.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

Servicing and Cash Management Deed

The Servicing and Cash Management Deed, made between the Issuer, the Trustee and the Servicer contains provisions relating to, *inter alia*:

- the Issuer's obligations when dealing with any cash flows arising from the Cover Pool and the Transaction Documents;
- the servicing, calculation, notification and reporting services to be performed by the Servicer, together with cash management services and account handling services in relation to moneys from time to time standing to the credit of the Transaction Account, the Collection Accounts and the Third Party Collection Account (if any);
- the terms and conditions upon which the Servicer will be obliged to sell in whole or in part the Loan Assets;
- the Issuer's right to prevent the sale of a Loan Asset to third parties by removing the Loan Asset made subject to sale from the Cover Pool and transferring to the Transaction Account, an amount equal to the price set forth in such offer letter, subject to the provision of a solvency certificate;
- the covenants of the Issuer;
- the representations and warranties of the Issuer regarding itself and the Cover Pool Assets;
- the responsibilities of the Servicer following the service of a Notice of Default on the Issuer or upon failure of the Issuer to perform its obligations under the Transaction Documents; and
- the circumstances in which the Issuer or the Trustee will be obliged to appoint a new servicer to perform the Servicing and Cash Management Services.

Servicing

Pursuant to the Servicing and Cash Management Deed, the Servicer has agreed to service the Loans and their Related Security comprised in the Cover Pool and provide cash management services.

The Servicer will be required to administer the Loans and their Related Security in accordance with the Issuer's administration, arrears and enforcement policies and procedures forming part of the Issuer's policy from time to time as they apply to those Loans.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Issuer in relation to the Loans and their Related Security that it is servicing pursuant to the terms of the Servicing and Cash Management Deed, and to do anything which it reasonably considers necessary, convenient or incidental to the administration of the Loans and their Related Security.

Right of delegation by the Servicer

The Servicer may from time to time subcontract or delegate the performance of its duties under the Servicing and Cash Management Deed, provided that it will nevertheless remain responsible for the performance of those duties to the Issuer and the Trustee and, in particular, will remain liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor. Any such subcontracting or delegation may be varied or terminated at any time by the Servicer.

Appointment of Replacement Servicer

Upon the occurrence of any of the following events (each a **Servicer Termination Event**):

- (a) where the Issuer and Servicer are not the same entity:
 - (i) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing and Cash Management Deed and such default continues unremedied for a period of three Athens Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Trustee requiring the same to be remedied;
 - (ii) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing and Cash Management Deed, which is materially prejudicial to the interests of the Covered Bondholders and such default continues unremedied for a period of 20 Athens Business Days after the Servicer becoming aware of such default, PROVIDED THAT where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 20 Athens Business Days of awareness of such default by the Servicer, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Trustee may approve to remedy such default;
 - (iii) the occurrence of an Insolvency Event in relation to the Servicer; or
- (b) the occurrence of an Issuer Event or an Event of Default (where the Issuer and the Servicer are the same entity),

then at any time after the Trustee has received notice of any such Servicer Termination Event, the Trustee shall, following consultation with the Bank of Greece and while such Servicer Termination Event continues, use its reasonable endeavours to:

- (i) appoint an independent investment or commercial bank of international repute (the **Investment Bank**) to select an entity to act as a substitute servicer (the **Replacement Servicer**); and
- (ii) by notice in writing to the Servicer terminate its appointment as Servicer under the Servicing and Cash Management Deed with effect from a date (not earlier than the date of the notice) specified in the notice.

In the event that the Trustee does not appoint the Investment Bank or the Investment Bank does not select a Replacement Servicer or the Trustee does not appoint the entity selected by the Investment Bank to act as Replacement Servicer within a reasonable period of time, the Bank of Greece may appoint a Replacement Servicer or a special administrator or liquidator in respect of the Cover Pool Assets pursuant to Article 152.

Insolvency Event means in respect of the Servicer: (a) an order is made or an effective resolution passed for the winding up of the relevant entity; or (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or (c) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any substantial part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or against the whole or any substantial part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or (d) the relevant entity is unable to pay its debts as they fall due, other than where the Issuer or the Servicer is Piraeus Bank S.A. and

any of the events set out in (a) to (c) above occurs in connection with a substitution in accordance with Condition 18 (*Substitution of the Issuer*); or (e) a creditors' collective enforcement procedure is commenced against the Servicer (including such procedure under the Greek Bankruptcy Code and articles 137 and 145 of the Greek Banking Legislation).

Greek Banking Legislation means Greek Law 4261/2014 (published in the Government Gazette No. 107/A/5-5-2014), as currently in force.

Greek Bankruptcy Code means Greek law 3588/2007, as currently in force.

The Trustee will not be obliged to act as servicer in any circumstances.

The Cover Pool

The Issuer shall be entitled, subject to filing a Registration Statement so providing, to:

- (a) allocate to the Cover Pool Additional Cover Pool Assets for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests and/or maintaining the initial rating(s) assigned to the Covered Bond provided that with respect to the allocation of New Asset Types in the Cover Pool, the Rating Agencies have been notified in writing of such allocation; and
- (b) prior to the occurrence of an Issuer Event and provided that no breach of any Statutory Test would occur as a result of such removal or substitution (i) remove Cover Pool Assets from the Cover Pool or (ii) substitute Cover Pool Assets with additional Cover Pool Assets, provided that for any substitution of New Asset Types, the Rating Agencies have been notified in writing of such removal or substitution.

Any further assets added to the Cover Pool at the option of the Issuer in accordance with the above or by way of mandatory changes below shall form part of the Cover Pool.

Sale of Selected Loans and their Related Security following an Issuer Event

Following the occurrence of an Issuer Event which is continuing and/or following a Final Maturity Date in relation to any Series of Covered Bonds on which such Covered Bonds (a) are subject to an Extended Final Maturity Date and (b) are not redeemed in full, the Issuer, or the Servicer acting in the name and on behalf of the Issuer, will be obliged, or the Trustee will be entitled, to sell Loan Assets and their Related Security in the Cover Pool having the Required Outstanding Principal Balance (the **Selected Loans**) in accordance with the Servicing and Cash Management Deed, subject to the rights of preemption in favour of the Issuer to remove the Selected Loans from the Cover Pool.

Prior to the Servicer making any offer to sell Selected Loans and their Related Security to third parties and provided that no Issuer Insolvency Event has occurred and is continuing, the Servicer will serve on the Issuer a loan offer notice in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Offer Notice**) giving the Issuer the right to prevent the sale by the Servicer of the Selected Loans to third parties, by removing the Selected Loans made subject to sale from the Cover Pool and transferring an amount equal to the then Outstanding Principal Balance of the Selected Loans and all arrears of interest and accrued interest relating to such Selected Loans to the Transaction Account.

If the Issuer validly accepts the Servicer's offer to remove the Selected Loans and their Related Security from the Cover Pool by signing the duplicate Selected Loan Offer Notice in a manner indicating acceptance and delivering it to the Servicer within ten Athens Business Days from and including the date of the Selected Loan Offer Notice, the Servicer shall within three Athens Business Days of receipt of such acceptance, serve a selected loan removal notice on the Issuer in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Removal Notice**).

The Servicer shall offer for sale the Selected Loans and their Related Security in respect of which the Issuer rejects or fails within the requisite time limit to accept the Servicer's offer to remove the Loans and their Related Security from the Cover Pool in the manner and on the terms set out in the Servicing and Cash Management Deed.

Upon receipt of the Selected Loan Removal Notice duly signed on behalf of the Servicer, the Issuer shall (i) promptly sign and return a duplicate copy of the Selected Loan Removal Notice, (ii) deliver to the Servicer and the Trustee a solvency certificate stating that the Issuer is, at such time, solvent and (iii) will remove from the Cover Pool the relevant Selected Loans (and any other Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Loan Removal Notice. Completion of the removal of the Selected Loans by the Issuer will take place on the Calculation Date next occurring after receipt by the Issuer of the Selected Loan Removal Notice or such other date as the Servicer may direct in the Selected Loan Removal Notice (provided that such date is not later than the earlier to occur of the date which is (a) ten Athens Business Days after receipt by the Servicer of the returned Selected Loan Removal Notice and (b) the Final Maturity Date of the Earliest Maturing Covered Bonds) when the Issuer shall pay to the Transaction Account an amount in cash equal to the price specified in the relevant Selected Loan Removal Notice.

On the date of completion of the removal of the Selected Loans and their Related Security in accordance with the above, the Issuer shall ensure that the Selected Loans are removed from the Registration Statement.

Upon such completion of the removal of the Selected Loans and their Related Security in accordance with above or the sale of Selected Loans and their Related Security to a third party or third parties, the Issuer shall cease to be under any further obligation to hold any Customer Files or other documents relating to the Selected Loans and their Related Security to the order of the Trustee and, if the Trustee holds such Customer Files or other documents, it will send them to the Issuer at the cost of the Issuer.

Earliest Maturing Covered Bonds means, at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the Transaction Account) that has or have the earliest Final Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to an Event of Default).

Method of Sale of Selected Loans

If the Servicer is required to sell Selected Loans and their Related Security to third-party purchasers following an Issuer Event which is continuing, the Servicer will be required to ensure that before offering Selected Loans for sale:

- (a) the Selected Loans have been selected from the Cover Pool on a random basis; and
- (b) the Selected Loans have an aggregate Outstanding Principal Balance (subject in the case of Loans denominated in a currency other than Euro to the euro equivalent thereof as determined in accordance with the relevant FX Rate Swap Agreement) in an amount (the **Required Outstanding Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

$$N \times \frac{\text{Outstanding Principal Balance of all Loan Assets in the Cover Pool}}{\text{the Euro Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where N is an amount equal to the Euro Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the Transaction Account (other than amounts standing to the credit of the Commingling Reserve Ledger) and the principal amount of any Marketable Assets or Authorised Investments (other than Authorised Investments acquired from amounts standing to the credit of the Commingling Reserve Ledger) (excluding all

amounts to be applied on the next following Programme Payment Date to repay higher ranking amounts in the Pre-Event of Default Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

For the purposes hereof:

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated as follows:

the Principal Amount Outstanding of the relevant Series of Covered Bonds \times (1+ Negative Carry Factor \times (days to maturity of the relevant Series of Covered Bonds/360))

Where **Negative Carry Factor** is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, not be less than 0.50 per cent.

Euro Equivalent means, relation to a Series of Covered Bonds which is denominated in (a) a currency other than Euro, the Euro equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Series of Covered Bonds and (b) Euro, the applicable amount in Euro.

The Servicer will offer the Selected Loans for sale to third parties for the best price reasonably available but in any event following, for an amount not less than the Adjusted Required Redemption Amount.

The **Adjusted Required Redemption Amount** means the Euro Equivalent of the Required Redemption Amount, plus or minus

- (i) any swap termination amounts payable to or by the Issuer under a Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds less (where applicable) the principal balance of any Marketable Assets and Authorised Investments (excluding all amounts to be applied on the next following Programme Payment Date to pay or repay higher ranking amounts in the Pre-Event of Default Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); and plus or minus;
- (ii) any swap termination amounts payable to or by the Issuer under an Interest Rate Swap Agreement or an FX Rate Swap Agreement in respect of the relevant Series of Covered Bonds.

Following the occurrence of an Issuer Event which is continuing, and/or following a Final Maturity Date in relation to any Series of Covered Bonds on which such Covered Bonds (a) are subject to an Extended Final Maturity Date and (b) are not redeemed in full, if the Selected Loans have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, as applicable, if the Earliest Maturing Covered Bonds are not subject to an Extended Final Maturity Date in accordance with the relevant Final Terms, the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Final Maturity Date in accordance with the relevant Final Terms, the Extended Final Maturity Date in respect of the Earliest Maturing Covered Bonds, then the Servicer will offer the Selected Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

Following the occurrence of an Issuer Event which is continuing, in addition to offering Selected Loans for sale to third-party purchasers in respect of the Earliest Maturing Covered Bonds, the Servicer (subject to the rights of pre-emption enjoyed by the Issuer) is permitted to offer for sale a portfolio of Selected Loans, in accordance with the provisions summarised above, in respect of other Series of Covered Bonds.

The Servicer will appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market) and to advise it in relation to the sale of the Selected Loans to third-party purchasers (except where the Issuer exercises its right of pre-emption).

In respect of any sale of Selected Loans and their Related Security following the occurrence of an Issuer Event which is continuing, and/or following a Final Maturity Date in relation to any Series of Covered Bonds on which such Covered Bonds (a) are subject to an Extended Final Maturity Date and (b) are not redeemed in full, the Servicer will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Loans are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and, where relevant, the scheduled repayment dates of the Covered Bonds and the terms of the Servicing and Cash Management Deed.

The Trustee, or its authorised attorney, will not be required to release the Selected Loans and their Related Security from the Registration Statement unless the conditions for Security release under applicable law (other than the Statutory Pledge) are satisfied.

Following the occurrence of an Issuer Event which is continuing, and/or following a Final Maturity Date in relation to any Series of Covered Bonds on which such Covered Bonds (a) are subject to an Extended Final Maturity Date and (b) are not redeemed in full, if third parties accept the offer or offers from the Servicer so that some or all of the Selected Loans shall be sold prior to the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Final Maturity Date in accordance with the relevant Final Terms, the Extended Final Maturity Date in respect of the Earliest Maturing Covered Bonds, then the Servicer will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant third-party purchasers which will require, *inter alia*, a cash payment from the relevant third party purchasers. Any such sale will not include any representations and warranties from the Servicer or the Issuer in respect of the Loans and their Related Security unless expressly agreed by the Servicer.

Amendment to definitions

The Servicing and Cash Management Deed will provide that the definitions of Eligibility Criteria, Cover Pool, Cover Pool Asset, Statutory Test and Amortisation Test may be amended by the Issuer (without the consent of the Trustee) from time to time, subject to Greek Covered Bond Legislation as a consequence of, *inter alia*, including in the Cover Pool any Additional Cover Pool Assets which are New Asset Types and/or changes to the hedging policies or servicing and collection procedures of Piraeus Bank provided that the Rating Agencies have been notified in writing of such amendment.

The Servicing and Cash Management Deed shall set forth the conditions for any such amendment to be effected.

Commingling Reserve Ledger

The Servicer will establish a ledger on each of the Transaction Account to be called the **Commingling Reserve Ledger**.

On the First Issue Date and at any time the Issuer's long-term or short-term IDR fall below A or F1 respectively as determined by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies) (the **Issuer Rating Downgrade**) then as soon as reasonably practicable but in any event within 10 calendar days, and on each Calculation Date after an Issuer Rating Downgrade up until the occurrence of an Issuer Rating Upgrade, the Issuer will be required to make a Commingling Reserve Advance in an amount equal to the difference between amounts standing to the credit of the Commingling Reserve Ledger and the Commingling Required Amount. Such amount paid pursuant to the Commingling Reserve Advance will be paid to the Transaction Account and credited to the Commingling Reserve Ledger.

Commingling Required Amount means, on each Calculation Date:

- (a) before the occurrence of an Issuer Rating Downgrade, zero; or
- (b) after the occurrence of an Issuer Rating Downgrade, the sum of (i) the amount of interest due on all Series of Covered Bonds over the next three months (calculated on a rolling basis), and (ii) the amounts due over the next three months under paragraphs (a) to (e) (both inclusive) of the Pre-Event of Default Priority of Payments (without double counting).

Whilst the Issuer Rating Downgrade is continuing the Issuer (or the Servicer on its behalf) will on the Calculation Date prior to each Programme Payment Date pay the proceeds of each Commingling Reserve Advance to the Transaction Account and credit the same to the Commingling Reserve Ledger.

Commingling Reserve Advance means the advance made by the Issuer on each Calculation Date following the occurrence of an Issuer Rating Downgrade until the occurrence of an Issuer Rating Upgrade in an amount equal to the difference between the Commingling Required Amount and amounts standing to the credit of the Commingling Reserve Ledger.

Following the occurrence of the Issuer Rating Downgrade, and whilst an Issuer Event is continuing, the Servicer shall, on each Programme Payment Date, debit an amount equal to the Commingling Withdrawal Amount from the Commingling Reserve Ledger and apply such funds as Covered Bond Available Funds.

Commingling Withdrawal Amount means on each Programme Payment Date following an Issuer Event, a drawing from the Commingling Reserve Ledger to be applied as Covered Bonds Available Funds in accordance with the Pre Event of Default Priority of Payments, if and to the extent that the Servicer has during the immediately preceding Programme Payment Period failed to transfer to the Issuer any collections received by the Servicer during or with respect to such Programme Payment Period and such amounts represent amounts other than principal or, as applicable, principal paid by the Borrowers.

On any Programme Payment Date whether or not an Issuer Event has occurred, if and to the extent that amounts standing to the credit of the Commingling Reserve Ledger (taking into account any amounts applied as Covered Bonds Available Funds) would exceed the Commingling Required Amount, such excess amounts will be paid directly to the Issuer (and shall not form part of the Covered Bond Available Funds).

In the event that the Issuer's long-term and short-term IDR increase to A and F1 respectively as determined by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies) (the **Issuer Rating Upgrade**) or in the event that there are no outstanding liabilities under the Covered Bonds, all amounts standing to the credit of the Commingling Reserve Ledger will be paid directly to the Issuer (and shall not form part of the Covered Bonds Available Funds).

The Servicer shall, prior to the occurrence of an Event of Default, invest all amounts standing to the credit of the Commingling Reserve Ledger in Authorised Investments.

Law and Jurisdiction

The Servicing and Cash Management Deed will be governed by English law.

Asset Monitor Agreement

The Asset Monitor has agreed, subject to due receipt of the information to be provided by the Servicer to the Asset Monitor, to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Servicer, prior to service of a Notice of Default, on the Calculation Date immediately prior to each anniversary of the Programme Closing Date with a view to confirmation of compliance by the Issuer with the Statutory Tests on that Calculation Date. If and for so long as the short-term and long-term IDR of the Issuer or the Servicer are below F2 and BBB+ as determined by Fitch, the Asset Monitor will, subject to receipt of

the relevant information from the Servicer within the agreed timeframe, be required to conduct such tests following each Calculation Date.

Following the occurrence of an Issuer Event, the Asset Monitor will, subject to receipt of the relevant information from the Servicer within the agreed timeframe, be required to conduct the Statutory Tests and the Amortisation Test following each Monthly Calculation Date.

Following a determination by the Asset Monitor of any errors in the arithmetical accuracy of the calculations performed by the Servicer such that the Statutory Tests have failed on the Calculation Date (where the Servicer had recorded it as being satisfied), or the reported Nominal Value of the Cover Pool or the reported Net Present Value of the Cover Pool or the reported amount of interest for the next 12 months expected to be received in respect of the Loans and the Marketable Assets (if any) comprised in the Cover Pool, as applicable, was mis-stated by the Servicer by an amount exceeding two per cent. of the Nominal Value of the Cover Pool or the Net Present Value of the Cover Pool or the amount of interest for the next 12 months expected to be received in respect of the Loans and the Marketable Assets (if any) comprised in the Cover Pool, as applicable, the Asset Monitor will be required to conduct such tests following each Calculation Date for a period of six months thereafter.

The Asset Monitor is entitled to assume that all information provided to it by the Servicer for the purpose of conducting such tests is true and correct and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The Asset Monitor will deliver a report (the **Asset Monitor Report**) to the Servicer, the Issuer and, if so requested, to the Trustee.

The Issuer or the Servicer will ensure that a copy of the Asset Monitor Report is sent to the Bank of Greece for the purposes of the Greek Covered Bond Legislation at least once per annum.

Following the Programme Closing Date, the Issuer or the Servicer, as applicable, will pay to the Asset Monitor a fee for the tests to be performed by the Asset Monitor.

The Issuer (or after the occurrence of an Issuer Event, the Servicer) may, at any time, but subject to the prior written consent of the Trustee, terminate the appointment of the Asset Monitor by giving at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the Issuer (or after the occurrence of an Issuer Event, the Servicer) (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing)) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement (or substantially similar duties).

The Asset Monitor may, at any time, resign by giving at least 90 days' prior written notice to the Issuer and the Trustee (copied to the Rating Agencies), and may resign by giving immediate notice in the event of a professional conflict of interest caused by the action of any recipient of its reports.

Upon the Asset Monitor giving prior written notice of resignation, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall immediately use all reasonable endeavours to appoint a replacement (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing)) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement. No resignation shall be effective unless and until a replacement asset monitor is appointed.

The Trustee will not be obliged to act as Asset Monitor in any circumstances.

Law and Jurisdiction

The Asset Monitor Agreement will be governed by Greek law.

Trust Deed

The Trust Deed, made between the Issuer and the Trustee on the Programme Closing Date appoints the Trustee to act as the bondholders representative. As such, the Trustee will act as a representative in accordance with paragraph 2 of Article 152. The Trust Deed contains provisions relating to, *inter alia*:

- (a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under Terms and Conditions of the Covered Bonds above);
- (b) the covenants of the Issuer;
- (c) the enforcement procedures relating to the Covered Bonds; and
- (d) the appointment powers and responsibilities of the Trustee and the circumstances in which the Trustee may resign or be removed.

Law and Jurisdiction

The Trust Deed will be governed by English law.

Agency Agreement

Under the terms of an Agency Agreement to be entered into on the Programme Closing Date between the Issuer, the Trustee, the Principal Paying Agent (together with any paying agent appointed from time to time under the Agency Agreement, the **Paying Agents**), the Transfer Agent and the Registrar (the **Agency Agreement**), the Paying Agents have agreed to provide the Issuer with certain agency services and have agreed, *inter alia*, to make available for inspection such documents as may be required from time to time by the rules of the Luxembourg Stock Exchange and to arrange for the publication of any notice to be given to the Covered Bondholders.

For the purposes of Condition 5.2(b)(ii) (*Floating Rate Covered Bond Provisions - Rate of Interest - Screen Rate Determination for Floating Rate Covered Bonds*) of the Terms and Conditions, the Agency Agreement provides that if the Relevant Screen Page (or such replacement page on that service which displays the information) is not available or if, no offered quotation appears or if fewer than three offered quotations appear, in each case as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR (the **Specified Time**)), the Principal Paying Agent shall request each of the reference banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the reference rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the reference banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

For the purposes of Condition 5.2(b)(ii) (*Floating Rate Covered Bond Provisions - Rate of Interest - Screen Rate Determination for Floating Rate Covered Bonds*) of the Terms and Conditions, the Agency Agreement also provides that if on any Interest Determination Date one only or none of the reference banks provides the Principal Paying Agent with an offered quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the reference banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the reference rate by leading banks in the London inter-bank market (if the reference rate is LIBOR) or the Euro-zone inter-bank market (if the reference rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if

fewer than two of the reference banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the reference rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the reference rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the reference rate is LIBOR) or the Euro-zone inter-bank market (if the reference rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Clause, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

Law and Jurisdiction

The Agency Agreement will be governed by English law.

For the purposes of this section "Agency Agreement" any capitalised terms have the meanings given to them in the Terms and Conditions of the Covered Bonds above.

Deed of Charge

Pursuant to the terms of the Deed of Charge entered into on the Programme Closing Date by the Issuer, the Trustee and the other Secured Creditors, the Secured Obligations of the Issuer and all other obligations of the Issuer under or pursuant to the Transaction Documents to which it is a party are secured, *inter alia*, by the following security over the following property, assets and rights (the **Deed of Charge Security**):

- (a) an assignment by way of first fixed security or first fixed charge (as the case may be) over all of the Issuer's interests, rights and entitlements under and in respect of any Transaction Document to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party;
- (b) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Bank Accounts and all amounts standing to the credit of the Bank Accounts; and
- (c) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Issuer in respect of all Authorised Investments and Marketable Assets (to the extent governed by English law) purchased from time to time from amounts standing to the credit of any Issuer Account.

In addition, to secure its obligations under the Covered Bonds the Issuer has, pursuant to paragraph 10 of Article 152, created a pledge over the Cover Pool (which consists principally of the Issuer's interest in the Loan Assets and certain Marketable Assets). The Deed of Charge will also provide that (other than in certain limited circumstances) only the Trustee may enforce the security created under the Deed of Charge. The proceeds of any such enforcement of the Deed of Charge and paragraph 10 of Article 152 will be required to be applied in accordance with the order of priority set out in the Post-Event of Default Priority of Payments.

The Trustee shall at all times be a credit institution (or a subsidiary company of a credit institution) that is entitled to provide services in the European Economic Area in accordance with paragraph 2 of Article 152 (an **EEA Credit Institution**). If at any time the Trustee ceases to be an EEA Credit Institution it will notify the Issuer immediately and take all steps necessary to find a replacement Trustee that is an EEA Credit Institution.

Release of Security

In accordance with the terms of the Deed of Charge all amounts which the Servicer (on behalf of the Issuer and the Trustee or its appointee) is permitted to withdraw from the Transaction Account pursuant to the terms of the Deed of Charge will be released from the Deed of Charge Security. In addition, upon the Issuer or the Servicer making a disposal of an Authorised Investment or Marketable Assets (to the extent governed by English law) charged under the Deed of Charge and provided that the proceeds of such disposal are paid into the Transaction Account in accordance with the terms of the Servicing and Cash Management Deed, that Authorised Investment or Marketable Assets (to the extent governed by English law) will be released from the Deed of Charge Security.

At such time that all of the obligations owing by the Issuer to the Secured Creditors have been discharged in full, the Trustee will, at the cost of the Issuer, take whatever action is necessary to release the Charged Property from the Deed of Charge Security to, or to the order of, the Issuer.

Enforcement

Upon the occurrence of an Event of Default, the Trustee shall be entitled to appoint a Receiver, and/or enforce the Deed of Charge Security constituted by the Deed of Charge, and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction. All proceeds received by the Trustee from the enforcement of the Deed of Charge Security will be applied in accordance with the Post-Event of Default Priority of Payments.

Law and Jurisdiction

The Deed of Charge will be governed by English law.

Interest Rate Swap Agreement

Some of the Loan Assets in the Cover Pool will pay from time to time a variable rate of interest for a period of time that may either be linked to the standard variable rate of the Issuer (the **Issuer Standard Variable Rate**) or linked to an interest rate other than the Issuer Standard Variable Rate, such as EURIBOR or a rate that tracks the ECB base rate. Other Loan Assets will pay a fixed rate of interest for a period of time. However, the Euro payments to be made by the Issuer under the Covered Bonds or under each of the Covered Bond Swaps may vary. To provide a hedge against the possible variance between:

- (a) the rates of interest payable on the Loan Assets in the Cover Pool; and
- (b) payments by the Issuer under the Covered Bonds or the Covered Bond Swaps,

the Issuer, the provider of the Interest Rate Swaps (each such provider, an **Interest Rate Swap Provider**) and the Trustee may enter into one or more interest rate swap transactions in respect of each Series of Covered Bonds under an **Interest Rate Swap Agreement** (each such transaction an **Interest Rate Swap**).

Under the terms of each Interest Rate Swap, in the event that the relevant rating of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the Interest Rate Swap Agreement (in accordance with the published criteria of the Rating Agency), the Interest Rate Swap Provider may, in accordance with the relevant Interest Rate Swap Agreement, be required to take certain remedial measures which are consistent with the then published criteria of the Rating Agency and which may include providing collateral for its obligations under the Interest Rate Swaps, arranging for its obligations under the Interest Rate Swaps to be transferred to an entity with appropriate ratings, procuring another entity with the appropriate ratings to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swaps (such guarantee to be provided in accordance with the then-current guarantee criteria of the Rating Agency), or taking such other action as it may agree with the relevant Rating Agency. A failure to take such steps within the periods set out in the

relevant Interest Rate Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the Interest Rate Swap Agreement (each referred to as an **Interest Rate Swap Early Termination Event**), which may include:

- at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the Interest Rate Swap Agreement; and
- upon the occurrence of the insolvency of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations, or the merger of the Interest Rate Swap Provider without an assumption of its obligations under the Interest Rate Swap Agreement.

Upon the termination of an Interest Rate Swap pursuant to an Interest Rate Swap Early Termination Event, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Interest Rate Swap Provider to the Issuer in respect of an Interest Rate Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Interest Rate Swap Provider to enter into a replacement Interest Rate Swap with the Issuer, unless a replacement Interest Rate Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Interest Rate Swap Provider in respect of a replacement Interest Rate Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Interest Rate Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of an Interest Rate Swap will first be used to reimburse the relevant Interest Rate Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Interest Rate Swap.

If a withholding or deduction for or on account of taxes is imposed on payments made by the Interest Rate Swap Provider to the Issuer under the Interest Rate Swaps, the Interest Rate Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swaps, the Issuer shall not be obliged to gross up those payments.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Interest Rate Swap Provider directly and not via the Priorities of Payments.

The Interest Rate Swap Provider may transfer all its interest and obligations in and under the relevant Interest Rate Swap Agreement to a transferee with minimum ratings in line with the criteria of each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions.

If the Issuer is required to sell Selected Loans in the Cover Pool following the occurrence of an Issuer Event then, to the extent that such Selected Loans include Fixed Rate Loans, the Issuer may:

- (a) require that the Interest Rate Swaps in connection with such Selected Loans partially terminate to the extent that such Selected Loans include Fixed Rate Loans and any breakage costs payable by or to the Issuer in connection with such termination will, following the occurrence of an Issuer Event, be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or
- (b) request that the Interest Rate Swaps in connection with such Selected Loans be partially novated to

the purchaser of such Fixed Rate Loans to the extent that such Selected Loans include Fixed Rate Loans, such that each purchaser of Selected Loans will thereby become party to a separate interest rate swap transaction with the Interest Rate Swap Provider.

Law and Jurisdiction

Each Interest Rate Swap Agreement (and each Interest Rate Swap thereunder) will be governed by English law.

Covered Bond Swap Agreements

The Issuer may enter into one or more covered bond swap transactions with one or more Covered Bond Swap Providers and the Trustee in respect of each Series of Covered Bonds (each such transaction a **Covered Bond Swap**). Each Covered Bond Swap may be either a Forward Starting Covered Bond Swap or a Non-Forward Starting Covered Bond Swap and each will constitute the sole Transaction under a single **Covered Bond Swap Agreement** (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**).

Each Forward Starting Covered Bond Swap will provide a hedge (after the occurrence of an Issuer Event) against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the Loans and any relevant Interest Rate Swaps and FX Rate Swaps and amounts payable by the Issuer in respect of the Covered Bonds (**Forward Starting Covered Bond Swap**).

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the Loans and any relevant Interest Rate Swaps and FX Rate Swaps and amounts payable by the Issuer in respect of the Covered Bonds (**Non-Forward Starting Covered Bond Swap**).

Where required to hedge such risks, there may be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**).

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date, after the occurrence of an Issuer Event, an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable in respect of the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euro calculated by reference to Euro EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.

Under the Non-Forward Starting Covered Bond Swaps on the relevant Issue Date, the Issuer (or the Servicer on its behalf) will, if the Covered Bonds are denominated in a currency other than Euro, pay to the Covered Bond Swap Provider an amount equal to the relevant portion of the amount received by the Issuer in respect of the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds and in return the Covered Bond Swap Provider will pay to the Issuer the Euro Equivalent of the first-mentioned amount. Thereafter, and where the Covered Bonds are denominated in Euro, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euros calculated by reference to EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.

Under the terms of each Forward Starting Covered Bond Swap and each Non-Forward Starting Covered Bond Swap, in the event that the relevant rating of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the relevant Covered Bond Swap Agreement (in accordance with the requirements of the Rating Agency), the Covered Bond Swap Provider may, in accordance with the relevant Covered Bond Swap Agreement, be required to take certain remedial measures which are consistent with the then published criteria of the Rating Agency and which may include providing collateral for its obligations under the Covered Bond Swap, arranging for its obligations under the Covered Bond Swap to be transferred to an entity with the appropriate ratings, procuring another entity with the appropriate ratings to become co-obligor or guarantor in respect of its obligations under the Covered Bond Swap Agreement (such guarantee to be provided in accordance with the then-current guarantee criteria of the Rating Agency), or taking such other action as it may agree with the relevant Rating Agency. In addition, if the net exposure of the Issuer against the Covered Bond Swap Provider under the relevant Covered Bond Swap exceeds the threshold specified in the relevant Covered Bond Swap Agreement, the Covered Bond Swap Provider may be required to provide collateral for its obligations. A failure to take such steps within the time periods set out in the Covered Bond Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the Covered Bond Swap.

A Covered Bond Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the relevant Covered Bond Swap Agreement (each referred to as a **Covered Bond Swap Early Termination Event**), which may include:

- (a) at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under such Covered Bond Swap Agreement; and
- (b) upon the occurrence of an insolvency of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations, or the merger of the Covered Bond Swap Provider without an assumption of its obligations under the relevant Covered Bond Swap Agreement.

Upon the termination of a Covered Bond Swap, the Issuer or the Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant Covered Bond Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Covered Bond Swap Provider to the Issuer in respect of a Covered Bond Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Covered Bond Swap Provider to enter into a replacement Covered Bond Swap with the Issuer, unless a replacement Covered Bond Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Covered Bond Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of a Covered Bond Swap will first be used to reimburse the relevant Covered Bond Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes. Duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Covered Bond Swap.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Covered Bond Swap Provider directly and not via the Priorities of Payments.

If withholding or deduction for or on account of taxes is imposed on payments made by the Covered Bond Swap Provider to the Issuer under a Covered Bond Swap, the Covered Bond Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Covered Bond Swap Provider under a Covered Bond Swap, the Issuer shall not be obliged to gross up those payments.

The Covered Bond Swap Provider may transfer all its interest and obligations in and under the relevant Covered Bond Swap Agreement to a transferee with minimum ratings in line with the criteria of each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Terms and Conditions, the Covered Bond Swap(s) in connection with such Covered Bonds will terminate or partially terminate, as the case may be. Any breakage costs payable by or to the Issuer in connection with such termination may be taken into account in calculating:

- (a) the Adjusted Required Redemption Amount for the sale of Selected Loans; and
- (b) the purchase price to be paid for any Covered Bonds purchased by the Issuer in accordance with Condition 7.6 (*Redemption and Purchase - Purchases*).

Law and Jurisdiction

Each Covered Bond Swap Agreement (and each Covered Bond Swap thereunder) will be governed by English law.

FX Rate Swap Agreements

Some of the Loan Assets in the Cover Pool may be denominated in a currency other than Euro and will either pay a variable rate of interest for a period of time that may either be linked to a specified interest rate, such as LIBOR or a rate that tracks a specific base rate or will pay a fixed rate of interest for a period of time. As noted above, the Issuer will make payments to each Covered Bond Swap Provider in Euro. To provide a hedge against the possible variance between:

- (a) the currency of the relevant Loan Assets and the rates of interest payable on such Loan Assets in the Cover Pool; and
- (b) the Euro payments to be made by the Issuer under the Covered Bond Swaps,

the Issuer, the provider of the FX rate swap (each such provider, an **FX Rate Swap Provider**) and the Trustee may enter into one or more FX swap transactions in respect of the Loans in the Cover Pool which are denominated in a currency other than Euro under one or more FX rate swap agreements (each, an **FX Rate Swap Agreement** and each such transaction an **FX Rate Swap**).

Under the terms of each FX Rate Swap, in the event that the relevant rating of the FX Rate Swap Provider or any guarantor of the FX Rate Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the relevant FX Rate Swap Agreement (in accordance with the requirements of the Rating Agency) for the FX Rate Swap Provider or any guarantor of the FX Rate Swap Provider's obligations, the FX Rate Swap Provider may, in accordance with the FX Rate Swap Agreement, be required to take certain remedial measures which are consistent with the then published criteria of the Rating Agency and which may include providing collateral for its obligations in respect of the FX Rate Swaps, arranging for its obligations under the FX Rate Swaps to be transferred to an entity with the appropriate ratings, procuring another entity with the appropriate ratings to become co-obligor or guarantor in respect of its obligations under the FX Rate Swaps (such guarantee to be provided in accordance with then current guarantee criteria of the Rating Agency), or taking such other action as it may agree with the relevant Rating Agency. A failure to take such steps within the periods set out in the relevant FX Rate Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the FX Rate Swap Agreement.

A FX Rate Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the relevant FX Rate Swap Agreement (each referred to as an **FX Swap Early Termination Event**), which may include:

- at the option of any party to the FX Rate Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the FX Rate Swap Agreement; and
- upon the occurrence of the insolvency of the FX Rate Swap Provider or any guarantor of the FX Rate Swap Provider's obligations, or the merger of the FX Rate Swap Provider without an assumption of its obligations under the FX Rate Swap Agreement.

Upon the termination of a FX Rate Swap pursuant to an FX Swap Early Termination Event, the Issuer or the FX Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant FX Rate Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the FX Rate Swap Provider to the Issuer in respect of an FX Rate Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement FX Rate Swap Provider to enter into a replacement FX Rate Swap with the Issuer, unless a replacement FX Rate Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement FX Rate Swap Provider in respect of a replacement FX Rate Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous FX Rate Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of a FX Rate Swap will first be used to reimburse the relevant FX Rate Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant FX Rate Swap.

If a withholding or deduction for or on account of taxes is imposed on payments made by the FX Rate Swap Provider to the Issuer under the FX Rate Swaps, the FX Rate Swap Provider shall always be obliged to gross-up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the FX Rate Swap Provider under the FX Rate Swaps, the Issuer shall not be obliged to gross-up those payments.

The FX Rate Swap Provider may transfer all its interest and obligations in and under the relevant FX Rate Swap Agreement to a transferee with the minimum ratings in line with the criteria of the Rating Agency, without any prior written consent of the Trustee, subject to certain conditions.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the FX Rate Swap Provider directly and not via the Priorities of Payments.

The FX Rate Swap Provider may transfer all its interest and obligations in and under the relevant FX Rate Swap Agreement to a transferee with minimum ratings in line with the criteria of by each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions. If the Issuer is required to sell Selected Loans in the Cover Pool following the occurrence of an Issuer Event then, to the extent that such Selected Loans include Fixed Rate Loans, the Issuer may:

- require that the FX Rate Swaps in connection with such Selected Loans partially terminate to the extent that such Selected Loans include Fixed Rate Loans and any breakage costs payable by or to the Issuer in connection with such termination will, following the occurrence of an Issuer Event, be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or
- request that the FX Rate Swaps in connection with such Selected Loans be partially novated to the purchaser of such Fixed Rate Loans to the extent that such Selected Loans include Fixed Rate Loans, such that each purchaser of Selected Loans will thereby become party to a separate FX Rate Swap transaction with the FX Rate Swap Provider.

Law and Jurisdiction

Each FX Rate Swap Agreement is (and each FX Rate Swap thereunder) will be governed by English law.

Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement to be entered into on the Programme Closing Date between the Account Bank, the Issuer, the Servicer and the Trustee, the Servicer will maintain with the Account Bank the Bank Accounts, which will be operated in accordance with the Servicing and Cash Management Deed and the Deed of Charge.

If the long-term and short-term IDR of the Account Bank cease to be at least A and F1 respectively as determined by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies or may be agreed between the parties to the Bank Account Agreement and the Rating Agencies from time to time), then the Issuer shall within 30 calendar days of such occurrence:

- (i) procure an unconditional and unlimited guarantee of the obligations of the Account Bank under the Bank Account Agreement from an Eligible Institution; or
- (ii) procure the transfer of the Bank Accounts held with the Account Bank (and the balance standing to the credit thereto) to an Eligible Institution and enter into a bank account agreement with such Eligible Institution on substantially the same terms as the Bank Account Agreement.

The costs arising from any remedial action taken by the Issuer, following its long-term and short-term IDR ceasing to be rated at least A and F1 as determined by Fitch (or such other ratings which are consistent with the published criteria of the Rating Agencies from time to time) shall be borne by the Account Bank.

The Bank Account Agreement will be governed by English law.

Issuer-ICSDs Agreement

The Issuer will enter into an Issuer-ICSDs Agreement with Euroclear Bank S.A./N.V. and Clearstream Banking SA (the **ICSDs**) in respect of any Covered Bonds issued in NGCB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGCBs, maintain their respective portion of the issue outstanding amount through their records.

The Issuer-ICSDs Agreement will be governed by English law.

TAXATION

Greece

The following summary of the principal Greek taxation consequences of the purchase, ownership and disposal of Covered Bonds by Greek or foreign resident holders, who are the beneficial owners of the Covered Bonds, is of a general nature and is based on the provisions of tax laws currently in force in Greece. The summary below does not constitute a complete analysis and therefore, potential investors should consult their own tax advisers as to the tax consequences of such purchase, ownership and disposal. This summary is based on current Greek tax legislation and administrative practice of the Greek tax Authorities, without taking into account any developments or amendments thereof after the date hereof whether or not such developments or amendments have retroactive effect.

Income Tax

The Greek income taxation framework was recently amended and reformed. A new Greek income tax code has been recently enacted (by virtue of Law 4172/2013, which is applicable to income generated as of 1 January 2014, as amended by virtue of Law 4254/2014, effective as of 7 April 2014).

Withholding Tax

1. Greek tax residents

Interest on the Covered Bonds earned by Greek resident holders or holders with a permanent establishment in Greece will be subject to withholding tax at 15 per cent., if payment is made by a paying agent in Greece, such agent is liable to make the relevant withholding. The withholding is calculated on the total interest amount of coupon and is imposed on the coupon maturity day. In the case of a transfer of Covered Bonds (or their coupon) before the maturity date thereof, withholding tax as described above is also imposed on the interest accrued for the period from their last payment date until the date of transfer thereof.

In the case of Covered Bondholders who are individuals, such withholding extinguishes their income tax liability in respect of this income.

In the case of Covered Bondholders who are legal entities (mainly companies limited by shares (*anonimi eteria*) limited liability companies (*eteria periorismenis efthinis*) and branches of foreign entities operating in Greece), interest on the Covered Bonds will be reported in their annual tax return as part of their taxable base of the year in which such interest arose and will be subject to tax at the applicable corporate income tax rate (currently 26 per cent. (if keeping double entry books) or 26-33 per cent. (if keeping single entry books), for the calendar year 2014) while the 15 per cent. tax withheld at source will be offset against the income tax liability of the year or, if the tax due is not sufficient to absorb tax withheld, the entity has a right for refund.

Institutional investors (mutual funds, portfolio investment companies and real estate investment companies) are exempt from the 15 per cent. withholding tax on condition that the holder acquires the interest coupon at least 30 days prior to maturity; in case withholding is applicable, such withholding extinguishes their income tax liability in respect of this income.

The listing of the Covered Bonds on the Luxembourg Stock Exchange is not expected to alter the income tax implications in respect of Greek residents, as analysed above.

The corporate income tax rate applying to Greek companies limited by shares (*anonimi eteria* (AE)) and Greek limited liability companies (*eteria periorismenis efthinis* (EPE)) is currently 26 per cent. for the calendar year 2014. This also applies to branches of foreign entities operating in Greece.

2. Foreign tax residents

Foreign tax residents (individuals or legal entities) are exempt from any withholding on the total interest amount of coupon on the coupon maturity day, according to par. 9 article 69 of Law 3746/2009, in combination with par. 9 of article 64 of Law 4172/2013.

Capital gains realised from the transfer of Covered Bonds

Pursuant to the provisions of article 14 of Law 3156/2003 that are applicable to Covered Bonds by virtue of Article 152 of Greek Law 4261/2014, capital gains realised by Covered Bondholders from the transfer of Covered Bonds are not subject to taxation in Greece.

Nevertheless, pending explanatory guidelines in this respect, it remains unclear whether the newly introduced and not yet tested Law 4172/2013 abolishes the provisions of article 14 of Law 3156/2003. Although Article 152 of Law 4261/2014 that makes direct reference to article 14 of Law 3156/2003 is more recent than Law 4172/2013, as in force, and specific to Covered Bonds, it may be the case that the transfer of Covered Bonds will be considered by the tax authorities as falling under the scope of Law 4172/2013. If this were the case, the following would apply:

1. Non-resident holders who are individuals and tax residents in a jurisdiction with which Greece has entered into a double taxation treaty will not be subject to Greek income tax for the capital gains, provided they furnish to the Greek tax authorities appropriate documents evidencing that they are tax residents in such jurisdiction.
2. Non-resident holders who are individuals but are not tax residents in a jurisdiction with which Greece has entered into a double taxation treaty will be subject to Greek income tax for the capital gains at a flat rate of 15 per cent.; in the event such transfer is treated as deriving from business activity, income tax will be imposed according to the applicable tax rate scale (26 - 33 per cent.).
3. Non-resident holders who are legal entities will be subject to Greek corporate tax either at the corporate income tax rate of 26 per cent. (if keeping double entry books) or at the rate of 26 – 33 per cent. (if keeping single entry books), subject to the provisions of any applicable double taxation treaty.
4. Resident holders who are individuals will be subject to Greek income tax at a flat rate of 15 per cent.; in the event such transfer is treated as deriving from business activity, income tax will be imposed according to the applicable tax rate scale (26 – 33 per cent.).
5. Resident holders that are legal entities will be subject to Greek corporate tax either at the rate of 26 per cent. (if keeping double entry books) or according to the applicable tax rate scale of 26 – 33 per cent. (if keeping single entry books).

Value Added Tax

No value added tax is payable upon disposal of the Covered Bonds (pursuant to Article 22(1)(ka) of Greek Law 2859/2000).

Death Duties and Taxation on Gifts

The Covered Bonds are subject to Greek inheritance tax if the deceased holder of Covered Bonds was a Greek national.

The rates of inheritance tax vary up to 40 per cent., depending on the relationship between the heir and the deceased.

A gift of Covered Bonds is subject to Greek tax if the holder of the Covered Bonds (donor) is a Greek national or if the recipient thereof is a Greek national or resident.

The rates of gift tax vary up to 40 per cent. depending on the relationship between the donor and the recipient.

Stamp Duty

Pursuant to Article 14 of Greek Law 3156/2003 the issuance or transfer of Covered Bonds is exempt from Greek stamp duty.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in that other Member State. On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union. For a transitional period, Austria and Luxembourg are required (unless during that period they elect otherwise) to operate a withholding tax in relation to such payments.

The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of an Issuer (a **Recalcitrant Holder**). The Issuers are classified as FFIs.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Covered Bonds

characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “grandfathering date”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term “foreign passthru payments” are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Covered Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Covered Bonds are issued on or before the grandfathering date, and additional Covered Bonds of the same series are issued after that date, the additional Covered Bonds may not be treated as grandfathered, which may have negative consequences for the existing Covered Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “Reporting FI” not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **US-UK IGA**) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-UK IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes.

Accordingly the Issuer, and financial institutions through which payments on the Covered Bonds are made, may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Covered Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Covered Bonds are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Covered Bonds by the Issuer, any paying agent and the common depositary or common safekeeper, given that each of the entities in the payment chain between with the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Covered Bonds. The documentation expressly contemplates the possibility that the Covered Bonds may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Covered Bonds will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Covered Bonds.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the Commission’s Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Covered Bonds should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or may be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Covered Bonds.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(a) Non-resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

Under the Laws implementing Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, (within the meaning the Laws) resident in, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of

his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Laws will be subject to a withholding tax at a rate of 35 per cent.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

(b) *Resident holders of Covered Bonds*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Law) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner, will be subject to withholding tax of 10 per cent.

Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Law will be subject to a withholding tax at a rate of 10 per cent.

SUBSCRIPTION AND SALE

Covered Bonds may be issued from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in a Programme Agreement originally dated 8 February 2011 (as amended and restated on 12 August 2014 and as further amended, restated and/or supplemented from time to time, the **Programme Agreement**) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds. The Programme Agreement will be supplemented on or around the date of each issuance by Subscription Agreement, which will set out, *inter alia*, the relevant underwriting commitments. The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

United States

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it has not offered and sold, and will not offer or sell Covered Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer(s) (or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager), of all Covered Bonds of the Tranche of which such Covered Bonds are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each dealer to which it sells Covered Bonds of such Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering of such Covered Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further

Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Covered Bonds specifies that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Covered Bonds which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a base prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Covered Bonds to the public**” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

The Hellenic Republic

The Covered Bonds have not been submitted to the approval procedure of the Hellenic Capital Market Commission provided by Law 3401/2005 which implements the Prospectus Directive, as amended by Law 4099/2012 which implements Directive 2010/73/EU amending the Prospectus Directive. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell the Covered Bonds unless it has complied and will comply with (i) the Public Offer Selling Restrictions under the Prospectus Directive, as amended by Directive 2010/73/EU described above in this section; (ii) all applicable provisions of Greek Law 3401/2005, implementing into Greek law the Prospectus Directive, as amended by Law 4099/2012, implementing into Greek Law Directive 2010/73/EU amending the Prospectus Directive; and (iii) all applicable provisions of Greek Law 876/1979 as currently in force, with respect to anything done in relation to any offering of any Covered Bonds in, from or otherwise involving the Hellenic Republic.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended; the **FIEA**) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Grand Duchy of Luxembourg

In addition to the cases described in the European Economic Area selling restrictions in which the Dealers can make an offer of Covered Bonds to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Dealers can also make an offer of Covered Bonds to the public in the Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Directive 2003/71/EC (the Prospectus Directive) into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF as competent authority in Luxembourg in accordance with the Prospectus Directive.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the

purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Approval, listing and admission to trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for the Covered Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

However, Covered Bonds may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Authorisations

The establishment, implementation and operation of the Programme and the issue of Covered Bonds have been duly confirmed and authorised by a resolution of the Board of Directors of the Issuer originally dated 18 November 2010, as updated by further resolution of the Board of Directors of the Issuer dated 23 July 2014.

Litigation

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of 12 months preceding the date of this Base Prospectus which may have, or have had, in such period, a significant effect on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

No significant or material adverse change

There has been no material adverse change in the prospects of the Issuer, or the Group, since 31 December 2013 (the last day of the financial period in respect of which the most recent annual audited financial statements of the Issuer have been prepared), and no significant change in the financial or trading position of the Issuer or the Group since 31 March 2014 (the last day of the financial period in respect of which the most recent unaudited interim financial statements of the Issuer have been prepared).

Documents available for inspection

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents or the Luxembourg Listing Agent:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited financial statements of the Issuer (on both a consolidated and non-consolidated basis) in respect of the financial years ended 31 December 2012 and 31 December 2013 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer (with an English translation thereof), together with any audit or review reports prepared in connection therewith;
- (d) the Programme Agreement, the Trust Deed, the Agency Agreement, and the forms of the Global Covered Bonds, the Covered Bonds in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Covered Bond which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in

circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Covered Bonds and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, any supplement to the Base Prospectus and any documents incorporated by reference will also be available for inspection free of charge from the internet site of the Luxembourg Stock Exchange, at www.bourse.lu.

Clearing Systems

The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Series of Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Independent Auditors

The auditors of the Issuer are PricewaterhouseCoopers of 268-270 Kifissias Avenue, Halandri 152 32, Greece (members of the Institute of Certified Auditors-Accountants in Greece), Chartered Accountants and Registered Auditors, who have audited the Issuer's financial statements, without qualification, in accordance with IFRS for each of the two financial years ended 31 December 2012 and 31 December 2013. The auditors of the Issuer have no material interest in the Issuer.

REGISTERED OFFICE OF THE ISSUER

Piraeus Bank S.A.

4 Amerikis Street
10564 Athens
Greece

ARRANGER

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

DEALERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

Piraeus Bank S.A.

4 Amerikis Street
10564 Athens
Greece

TRUSTEE

Citicorp Trustee Company Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

PRINCIPAL PAYING AGENT, TRANSFER AGENT, REGISTRAR AND ACCOUNT BANK

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

LEGAL ADVISERS

To the Arranger, the Trustee and the Dealers as to English law

Norton Rose Fulbright LLP

3 More London Riverside
London SE1 2AQ

To the Issuer as to English law

Clifford Chance LLP

10 Upper Bank Street
London E14 5JJ

To the Issuer as to Greek law

Dracopoulos & Vassalakis LP

6 Omirou Street
105 64 Athens
Greece

To the Arranger and the Dealers as to Greek law

Moratis Passas

15 Voukourestiou Street
106 71 Athens
Greece

AUDITORS TO THE ISSUER

PricewaterhouseCoopers

268-270 Kifissias Avenue

Halandri 152 32

Greece

LUXEMBOURG LISTING AGENT

Banque Internationale à Luxembourg S.A.

69 route d'Esch

Luxembourg L-2953

Luxembourg

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