

The date of this Prospectus is 24 April 2008

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## **ESTIA MORTGAGE FINANCE III plc**

(incorporated in England and Wales as a public limited company under registered number 06487500)

**€ 714,000,000 Class A – Residential Mortgage-Backed Floating Rate Notes due 2055**

**€ 86,000,000 Class B – Residential Mortgage-Backed Floating Rate Notes due 2055**

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Sole Arranger and Sole Lead Manager

**UBS Investment Bank**

**For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see the section entitled "Risk Factors"**

PROSPECTUS DATED 24 APRIL 2008

## ESTIA MORTGAGE FINANCE III PLC

(incorporated in England and Wales as a public limited company under registered number 06487500 )

**€ 714,000,000 Class A Residential Mortgage Backed Floating Rate Notes due 2055**

**€86,000,000 Class B Residential Mortgage Backed Floating Rate Notes due 2055**

**Issue Price of the Notes: 100 per cent.**

Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for admission to listing on the Official List of the Irish Stock Exchange and trading on its regulated market of the € 714,000,000 Class A Residential Mortgage Backed Floating Rate Notes due 2055 (the **Class A Notes**) and the € 86,000,000 Class B Residential Mortgage Backed Floating Rate Notes due 2055 (the **Class B Notes**) and, together with the Class A Notes, the **Notes**,) to be issued by Estia Mortgage Finance III Plc (the **Issuer**) on or about the Closing Date (as defined below).

	<u>Class A</u>	<u>Class B</u>
Initial Principal Amount Outstanding:	€ 714,000,000	€ 86,000,000
Issue Price:	100%	100%
Interest Rate:	Three-month EURIBOR	Three-month EURIBOR
	+	+
Margin	Margin	Margin
Margin until Interest Payment Date falling in June 2015	0.45 %	1.20 %
Margin after Interest Payment Date falling in June 2015	0.675 %	1.5 %
Interest Payment Dates:	Quarterly in arrear on the Interest Payment Dates falling in March, June, September and December in each year	
First Interest Payment Date:	27 September 2008	27 September 2008
Final Maturity Date:	Interest Payment Date falling in June 2055	
Expected Ratings (Fitch):	AAA	BBB

The ratings address the likelihood of timely payment of interest at the applicable rate of interest on each Interest Payment Date on the Class A Notes, the ultimate payment of interest at the applicable rate of interest on the Class B Notes and the ultimate payment of the Principal Amount Outstanding of the Notes at the Final Maturity Date. The ratings do not address the likelihood of the receipt of any Step-Up Amounts (the **Step-Up Amounts**).

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

The Notes will be in bearer form and in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof and will be governed by English law. The Notes of each class will initially be in the form of a temporary global note (each a **Temporary Global Note**) of such class, without interest coupons, which will be delivered on or around the Closing Date to a common safekeeper for Euroclear Bank S.A./N.V., (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). The Temporary Global Note of each class of Notes will be exchangeable, in whole or in part, for interests in a permanent global note (each a **Permanent Global Note** and, together with a Temporary Global Note, the **Global Notes**) of that class of Notes, in bearer form without interest coupons or talons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. Each Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Class A Notes or Class B Notes (as the case may be) in definitive form in denominations equal to the minimum denomination of the Notes and with interest coupons attached.

The Global Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Global Notes are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg (together the **ICSDs**) as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Application has been made to the Irish Financial Services Regulatory Authority (the **IFSRA**), as competent authority under Directive 2003/71/EC (the **Prospectus Directive**), for this document (the **Prospectus**) to be approved. This Prospectus constitutes a prospectus for the purposes of the Prospectus Directive. Any foreign language included in the Prospectus is for convenience purposes only and does not form part of the Prospectus.

The Notes will be subject to mandatory partial redemption and to optional redemption in whole, in both cases before the Final Maturity Date, in the specific circumstances, and subject to the conditions, described in the terms and conditions of the Notes (the **Conditions**) set out herein.

**If any withholding or deduction for or on account of tax is applicable to payments of interest on, and principal of, the Notes, such payments will be made subject to such withholding or deduction without the Issuer or Paying Agent (as defined below) being obliged to pay any additional amounts as a consequence.**

The Notes will be obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person. It should be noted, in particular, that the Notes will not be obligations or responsibilities of, and will not be guaranteed by, the Trustee, the Servicer, the Arranger, the Lead Manager, the Subordinated Loan Provider, the Swap Provider, the Set-Off (Deposits) Loan Provider, the Set-Off (Additional Payments) Loan Provider, the Paying Agent, the Agent Bank, the Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the Share Trustee or the Seller (each as defined elsewhere in this Prospectus).

For a discussion of certain risks and other factors which should be considered in connection with an investment in the Notes, see the section herein entitled *Risk Factors*.

Arranger



Lead Manager



The date of this Prospectus is 24 April 2008.

## RESPONSIBILITY STATEMENTS

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY U.S. STATE SECURITIES LAWS. THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) UNLESS THE NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the **SEC**), any U.S. state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

Except where another party referred to below accepts responsibility for certain information, the Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This statement does not prejudice any liability which may arise under Irish law. The Issuer further confirms that this Prospectus contains all information which is material in the context of the issue of the Notes, that such information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in it are honestly held by it and that there are no other facts the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect and all proper enquiries have been made to ascertain and to verify the foregoing. The Issuer accepts responsibility accordingly and the Issuer has confirmed to the Lead Manager that the Issuer accepts such responsibility.

Piraeus Bank S.A (**Piraeus**) (in its capacity as the **Originator** and **Servicer**) accepts responsibility for the information in this Prospectus relating to itself, the description of its rights and obligations in respect of, and all information relating to the Portfolio, the Mortgage Sale Agreement, the Servicing Agreement and all information relating to the Portfolio in the sections headed *Description of the Provisional Mortgage Portfolio*, *Historical Mortgage Loan Data*, *Lending Criteria* and *The Seller*, all information relating to the Portfolio in any quarterly Servicer's Report (together the **Piraeus Information**) and such Piraeus Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Originator and Servicer as to the accuracy or completeness of any information contained in this Prospectus (other than the Piraeus Information) or any other information supplied in connection with the Notes or their distribution.

UBS AG, London Branch (the **Swap Provider**) accepts responsibility for the information contained in this Prospectus relating to itself in the section headed *The Swap Provider* (the **Swap Provider Information**) and such Swap Provider Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Swap Provider as to the accuracy or completeness of any information contained in this Prospectus (other than the Swap Provider Information) or any other information supplied in connection with the Notes or their distribution.

Citibank, N.A., London Branch (**Citibank**) accepts responsibility for the information in this Prospectus relating to itself in the section headed *The Issuer Account Bank* (the **Citibank Information**). To the best of the knowledge and belief of Citibank (which has taken all reasonable care to ensure that such is the case), the Citibank Information is in accordance with the facts and does

not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Citibank as to the accuracy or completeness of any information contained in this Prospectus (other than the Citibank Information) or any other information supplied in connection with the Notes or their distribution.

The Notes will be obligations solely of the Issuer and will not be obligations of, and will not be guaranteed by, and will not be the responsibility of, any other entity. In particular, the Notes will not be the obligations of, and will not be guaranteed by, the Originator, the Servicer, the Cash Manager, the Trustee, the Swap Provider, the Paying Agent, the Agent Bank or the Corporate Services Provider (each as defined below), the Arranger or the Lead Manager (the **Transaction Parties**).

None of the Lead Manager, the Arranger, the Trustee, the Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the Paying Agent, the Agent Bank or the Swap Provider have separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Lead Manager, the Arranger, the Trustee, the Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the Paying Agent, the Agent Bank or the Swap Provider as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes. Each person receiving this Prospectus acknowledges that such person has not relied on the Lead Manager, the Arranger, the Trustee, the Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the Paying Agent, the Agent Bank, or the Swap Provider nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

This Prospectus includes forward-looking statements including, but not limited to, statements made under the headings "Risk Factors", "Servicing of the Portfolio", "Estimated Weighted Average Lives of the Notes" and "Taxation". These forward-looking statements can be identified by the use of forward-looking terminology, such as the words "believes", "expects", "may", "intends", "should" or "anticipates" or the negative or other variations of those terms. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the Notes, Piraeus or the Greek residential mortgage industry to differ materially from any future results or performance expressed or implied in the forward-looking statements. These risks, uncertainties and other factors include, among others general economic and business conditions in Greece, currency exchange and interest rate fluctuations, government, statutory, regulatory or administrative initiatives affecting Piraeus, changes in business strategy, lending practices or customer relationships and other factors that may be referred to in this Prospectus. Some of the most significant of these risks, uncertainties and other factors are discussed in this Prospectus under the heading "Risk Factors", and you are encouraged to carefully consider those factors prior to making an investment decision in relation to the Notes.

### **Representations about the Notes**

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by any of the Transaction Parties. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

No action has been taken by the Issuer or the Lead Manager other than as set out in this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in

circumstances that will result in compliance with applicable laws, orders, rules and regulations, and the Issuer and the Lead Manager have represented that all offers and sales by them have been made on such terms.

Each person receiving this Prospectus shall be deemed to acknowledge that (i) such person has been afforded an opportunity to request from the Issuer, and to review, and has received, all additional information which it considers to be necessary to verify the accuracy and completeness of the information herein, (ii) such person has not relied on the Lead Manager or any person affiliated with the Lead Manager in connection with its investigation of the accuracy of such information or its investment decision, and (iii) except as provided pursuant to clause (i) above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby except as contained in this Prospectus, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Lead Manager.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

**The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.**

### **Selling Restrictions Summary**

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, any of the Transaction Parties to subscribe for or purchase any of the Notes and this document may not be used for or in connection with an offer to, or a solicitation of an offer by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see *Subscription And Sale* herein.

### **Currency**

In this Prospectus, unless otherwise specified, references to **€**, **EUR** or **euro** are to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty establishing the European Communities as amended by, *inter alia*, the Treaty on European Union (the **Treaty**).

In this Prospectus, unless otherwise specified, references to **£**, **pounds** or **pounds sterling** are to the lawful currency for the time being of the United Kingdom.

In this Prospectus, unless otherwise specified, references to **Greece**, the **Republic**, the **Republic of Greece**, the **Greek State** or the **State** are to the Hellenic Republic and all references to the **Government** are to the government of the Hellenic Republic.

**Noteholders (as defined herein) must comply with the laws of the Hellenic Republic relating to banking secrecy with regard to the Loans following a default by the Issuer.**

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### **Stabilisation**

**In connection with the issue of the Notes, UBS Limited (the Stabilising Manager) (or any person acting for the Stabilising Manager) may for a limited period over-allot a Class of Notes (provided that the aggregate principal amount of the relevant Class of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Class of Notes) or effect transactions with a view to supporting the market price of the relevant Class of Notes at a level higher than that which might otherwise prevail for a limited period after the Closing Date. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) 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 Class of Notes 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 Class of Notes and 60 days after the date of the allotment of the relevant Class of Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.**

## TABLE OF CONTENTS

RESPONSIBILITY STATEMENTS .....	4
SUMMARY .....	9
STRUCTURE DIAGRAM.....	45
RISK FACTORS .....	46
USE OF PROCEEDS .....	67
THE ISSUER .....	68
THE SWAP PROVIDER .....	70
THE ISSUER ACCOUNT BANK.....	71
THE SELLER.....	72
LENDING CRITERIA.....	79
DESCRIPTION OF THE PROVISIONAL MORTGAGE PORTFOLIO.....	82
HISTORICAL MORTGAGE LOAN DATA .....	92
SUMMARY OF THE GREEK SECURITISATION LAW.....	94
SERVICING OF THE PORTFOLIO .....	96
SUMMARY OF PRINCIPAL DOCUMENTS .....	103
ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES.....	125
TERMS AND CONDITIONS OF THE NOTES .....	136
SUBSCRIPTION AND SALE .....	159
TAXATION.....	162
GENERAL INFORMATION.....	165
DEFINITIONS.....	168

## SUMMARY

*The information in this section is a summary of the principal features of the issue of the Notes. This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus.*

*Capitalised terms used in this section and throughout this Prospectus may be defined in other sections of this Prospectus and may not necessarily be defined where they first appear. An index of defined terms is contained at the end of this Prospectus.*

### The Parties

**The Issuer:** Estia Mortgage Finance III Plc c/o Wilmington Trust SP Services (London) Limited, Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HQ, a public limited company incorporated in England and Wales (registered number 06487500) has been established for the limited purposes of the issue of the Notes, the purchase of the Loans and their Related Security and entering into the Transaction Documents to which it is a party. The Issuer's authorised share capital consists of 50,000 ordinary shares of £1 each. The issued share capital consists of 50,000 ordinary shares allotted with £12,501.50 paid up. All of the Issuer's share capital is held directly or indirectly by the Share Trustee.

**The Servicer:** Piraeus Bank S.A. of 4 Amerikis Str, 105 64 Athens, Greece, a credit institution incorporated in the Hellenic Republic (**Piraeus**) will act as agent for the Issuer and the Trustee to, *inter alia*, service the Portfolio (in such capacity, the **Servicer**) in accordance with the terms of a servicing agreement to be entered into between the Issuer, the Trustee and the Servicer on or about the Closing Date (the **Servicing Agreement**).

For more detailed information see *Servicing of the Portfolio* below.

**The Seller:** Piraeus (in such capacity, the **Seller**). Piraeus is, *inter alia*, in the business of originating residential mortgage loans.

For more detailed information see *The Seller* below.

The Seller will sell its rights, title, interest and benefit in, to and under the Loans to the Issuer pursuant to the mortgage sale agreement to be entered into by the Issuer, the Seller and the Trustee on or about the Closing Date (the **Mortgage Sale Agreement**). See *Summary of Principal Documents — Mortgage Sale Agreement* below.

**The Share Trustee:** Wilmington Trust SP Services (London) Limited of Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HQ, a private limited liability company incorporated in England and Wales (registered number 02548079) (in such capacity, the **Share Trustee**). The entire issued share capital of the Issuer is held on trust by the Share Trustee for charitable purposes.

**The Corporate Services Provider:** Wilmington Trust SP Services (London) Limited of Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HQ, a private limited liability company incorporated in England and Wales (registered

number 02548079) (in such capacity, the **Corporate Services Provider**) in accordance with the terms of a corporate services agreement to be entered into between the Issuer, the Corporate Services Provider and the Trustee on or about the Closing Date (the **Corporate Services Agreement**).

See *Summary of Principal Documents – Corporate Services Agreement* below.

The Trustee:

Citicorp Trustee Company Limited, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the **Trustee**). The Trustee will be appointed pursuant to the Trust Deed to represent the interests of the Noteholders and to hold the security granted or created, as the case may be, under the Deed of Charge and the Greek law 3156/2003 (published in Government Gazette issue no. 157/A/25.06.03) (the **Securitisation Law**) on behalf of itself, the Noteholders, the Couponholders, the Servicer, the Seller, the Corporate Services Provider, the Swap Provider, the Subordinated Loan Provider, the Set-Off (Deposits) Loan Provider, the Set-Off (Additional Payments) Loan Provider, the Issuer Account Bank, the Cash Manager, the Paying Agent, and Agent Bank (together, the **Secured Parties**) and will be entitled to enforce the security granted or created, as the case may be, in its favour under the Deed of Charge and the Securitisation Law.

The Swap Provider:

UBS AG, London Branch having its registered office at Bahnhofstrasse 45, 8001 Zurich and Aeschenvorstadt 1, 4051 Basel, Switzerland and acting through its branch at 1 Finsbury Avenue, London EC2M 2PP (the **Swap Provider**) in accordance with the terms of a swap agreement to be entered into between the Issuer and the Swap Provider on or about the Closing Date (the **Swap Agreement**).

See *Summary of Principal Documents – Swap Agreement* below.

The Back-to-Back Swap Provider:

UBS Limited having its registered office at 1 Finsbury Avenue, London EC2M 2PP in accordance with the terms of a swap agreement to be entered into between the Back-to-Back Swap Provider and the Seller on or about the Closing Date (the **Back-to-Back Swap**).

The Paying Agent and the Agent Bank:

Citibank N.A., London Branch acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (in such capacities, the **Paying Agent** and the **Agent Bank** together the **Agents**) acting in accordance with the terms of an agency agreement to be entered into between the Issuer, the Paying Agent (the **Agency Agreement**).

The Issuer Account Bank:

Citibank N.A., London Branch, acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (in such capacity, the **Issuer Account Bank**) in accordance with the terms of the bank account agreement to be entered into between the Issuer, the Cash Manager, the Issuer Account Bank and the Trustee on or about the Closing Date (the **Bank Account Agreement**).

See *Summary of Principal Documents — Bank Account Agreement* below.

The Cash Manager:

Citibank N.A., London Branch, acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (in such capacity, the **Cash Manager**) in accordance with the terms of a cash management agreement to be entered into between the Issuer, the Cash Manager and the Trustee on or about the Closing Date (the **Cash Management Agreement**).

See *Summary of Principal Documents — Cash Management Agreement* below.

The Subordinated Loan Provider:

Piraeus, acting through its principal branch at 4 Amerikis Str, 105 64 Athens, Greece (in such capacity, the **Subordinated Loan Provider**) in accordance with the terms of subordinated loan agreements to be entered into between the Issuer, the Subordinated Loan Provider and the Trustee on or about the Closing Date.

See *Summary of Principal Documents — Subordinated Reserve Loan Agreement* below.

The Set-Off (Additional Payments) Loan Provider:

Piraeus, acting through its principal branch at 4 Amerikis Str, 105 64 Athens, Greece (in such capacity, the **Set-Off (Additional Payments) Loan Provider**) in accordance with the terms of a subordinated loan agreement to be entered into between the Issuer, the Set-Off (Additional Payments) Loan Provider and the Trustee on or about the Closing Date (the **Set-Off (Additional Payments) Loan Agreement**).

See *Summary of Principal Documents — Set-Off (Additional Payments) Loan Agreement* below.

The Set-Off (Deposits) Loan Provider:

Piraeus, acting through its principal branch at 4 Amerikis Str, 105 64 Athens, Greece (in such capacity, the **Set-Off (Deposits) Loan Provider**) in accordance with the terms of a facility agreement to be entered into between the Issuer, the Set-Off (Deposits) Loan Provider and the Trustee on or about the Closing Date (the **Set-Off (Deposits) Facility Agreement**).

See *Summary of Principal Documents — Set-Off (Deposits) Facility Agreement* below.

## **Application of Proceeds of the Notes**

Use of Issue Proceeds:

The proceeds of the issue of the Notes are expected to amount to approximately € 800,000,000. On the Closing Date, this amount will be applied by the Issuer towards payment to the Seller of the Initial Purchase Price for the acquisition of the Initial Portfolio.

The Loans:

The Portfolio will consist of a) residential mortgage loans which have been originated by the Seller that meet (i), in the case of the loans comprised in the Initial Portfolio, the Eligibility Criteria; (ii) in the case of the Replacement Loans, the Replacement Loans Criteria (which, for the avoidance of doubt includes satisfaction of the Eligibility Criteria); or (iii) in the case of the Subsequent Loans, the

Subsequent Loans Criteria (which, for the avoidance of doubt includes satisfaction of the Eligibility Criteria), (the loans comprised in the Initial Portfolio together with any Replacement Loans and any Subsequent Loans being the **Loans**), together with b) their related security including judicial mortgage pre-notations under article 1274 of the Greek Civil Code (each, a **Pre-Notation**) and c) as the case may be guarantees from third parties (each, a **Guarantee**) (such Pre-Notations, Guarantees and all other privileges and security interests given in respect of the Loans, the **Related Security**).

Unless the context requires otherwise, any reference herein to a Loan includes the relevant Related Security.

The Seller will sell and assign its rights, title, interest and benefit in, to and under the Loans and the Related Security to the Issuer pursuant to and in accordance with (i) the Mortgage Sale Agreement and (ii) a Greek assignment agreement to be entered into between the Issuer and the Seller on or about the Closing Date (in respect of the Initial Loans and on each Repurchase Date and Subsequent Purchase Date in respect of Replacement and Subsequent Loans (as the case may be), each such agreement being in the same form (each, a **Greek Assignment Agreement**).

Each Loan in the Initial Portfolio is presently owned by the Seller and will be owned by the Seller until the Closing Date. All of the Loans will comply with the Eligibility Criteria, which include the requirement that the Loans have at the time of origination been advanced to private individuals (the **Borrowers**, which expression includes co-Borrowers, if any) for the purpose of purchasing residential property, repairing and/or developing residential property or refinancing any loan originally made for such purposes. The Loans are secured on residential properties located in Greece pursuant to a Pre-Notation. For a more detailed description of the Loans comprising the Provisional Portfolio (from which the Portfolio will be selected) see under *Description of the Provisional Mortgage Portfolio* below.

The Issuer, together with the Trustee, will have the benefit of certain warranties from the Seller relating to the Loans and the Related Security. In the event of a breach of the warranties in respect of a Loan or its Related Security given pursuant to the Mortgage Sale Agreement, the relevant Loan and its Related Security will be repurchased by the Seller. The terms and conditions of the sale of the Loans from the Seller to the Issuer are more fully described under *Summary of Principal Documents – Mortgage Sale Agreement* below.

Unless the context requires otherwise, any reference in this Prospectus to a sale or repurchase of a Loan and its Related Security shall mean a sale or repurchase of the Seller's or, as applicable, the Issuer's rights, title, interest and benefit in, to or under the relevant Loan and its Related Security.

The Portfolio:

The portfolio purchased from the Seller and owned by the Issuer from time to time (the **Portfolio**) will comprise the loans in the

Initial Portfolio (as defined below) other than loans: (i) which have been repaid in full; or (ii) in respect of which enforcement procedures have been completed; or (iii) which have been repurchased by the Seller since the Closing Date (the **Initial Loans**). The Portfolio may also comprise loans that are transferred to the Issuer to replace Loans which have been repurchased by the Seller (the **Replacement Loans**) and loans which are purchased by the Issuer during the Revolving Period (the **Subsequent Loans**).

The **Initial Portfolio** will consist of the Initial Loans (excluding accrued interest) purchased by the Issuer from the Seller on or about the Closing Date.

The Initial Portfolio will be drawn (in accordance with the criteria summarised below) only from, and will substantially comprise the loans contained in, a provisional portfolio of loans (the **Provisional Portfolio**) owned and selected by the Seller as at 22 March 2008 (the **Cut-Off Date**).

On the Cut-Off Date, the Provisional Portfolio had the characteristics shown below:

Aggregate Principal Outstanding Balance of all Loans:	€855,964,054
Total number of Loans:	11,360
Average Principal Outstanding Balance of each Loan:	€75,348.95
Principal Outstanding Balance of largest Loan:	€1,994,181.86
Weighted average Original LTV	70.05 %
Weighted average Current LTV:	65.65 %
Final maturity date of latest maturing Loan:	February 2048

**Current LTV** means in respect of any Loan, the ratio of (i) the amount of the Principal Outstanding Balance as at the Cut-Off Date in respect of such Loan to (ii) the valuation of the relevant property on or about the date when such Loan was originated.

**Principal Outstanding Balance** means, at any time in relation to a Loan, the principal amount outstanding of such Loan at such time excluding (i) accrued interest and (ii) costs due but not received from the Borrower, calculated in accordance with the terms of the relevant Loan Documentation.

**Original LTV** means in respect of any Loan, the ratio of (i) the amount of the Principal Outstanding Balance as at the date such Loan was originated to (ii) the valuation of the relevant property on or about the date such Loan was originated.

Characteristics of the Provisional Portfolio are more fully described under *Description of the Portfolio – Characteristics of the Provisional Portfolio* below.

Prior to the Closing Date, in forming the Initial Portfolio, the Seller will remove from the Provisional Portfolio all loans which (a) are fully redeemed, (b) do not comply with the representations and warranties set out in the Mortgage Sale Agreement, or (c) need to be removed to ensure that the aggregate Principal Outstanding Balance of Loans comprised in the Initial Portfolio is as close as possible to the aggregate principal amount of the Notes on the Closing Date.

### **Revolving Period**

Prior to each Interest Payment Date during the Revolving Period (as defined below), the Seller shall notify the Issuer in writing of its intention to sell Subsequent Loans to the Issuer. Subject to the Subsequent Loans conforming to the Subsequent Loans Criteria (which include meeting the Eligibility Criteria and as more fully described under *Summary of Principal Documents - Mortgage Sale Agreement* below) and provided that no drawing has been made on the Reserve Account, the Issuer shall purchase, on each Interest Payment Date during the Revolving Period, the Subsequent Loans offered for sale by the Seller, using such funds as are available for such purpose in accordance with the Pre-Enforcement Priority of Payments.

**Revolving Period** means the period commencing on the Closing Date and ending on the earlier of:

- (a) the day following the eighth Interest Payment Date; or
- (b) the date on which:
  - a. Piraeus' rating falls below BBB- (by Fitch); or
  - b. the Arrears Ratio is higher than 12.5 per cent.; or
  - c. the Default Ratio is higher than 1.5 per cent; or
- (c) the date on which the credit balance of the Reserve Account falls below the Required Reserve Fund Amount.

**Arrears Ratio** means, on any Calculation Date, the ratio, expressed as a percentage (rounded downwards to two decimal places) of:

- (a) the aggregate of all Arrears as at the end of the Collection Period immediately preceding such Calculation Date; to
- (b) the aggregate Principal Outstanding Balance of the Loans as at the last Calculation Date.

### **Description of the Notes**

The Notes:

The € 714,000,000 Class A Residential Mortgage Backed Floating Rate Notes due 2055 and the € 86,000,000 Class B Residential Mortgage Backed Floating Rate Notes due 2055 to be issued on the

## Closing Date by the Issuer.

### Status, Form and Denomination:

Each Class of Notes (which will be in the denomination of €100,000 each and additional increments of €1,000 in excess thereof, subject to *pro rata* redemption of Notes of the same Class pursuant to the Conditions), will initially be represented by a single Temporary Global Note for that Class. Interests in each Temporary Global Note will, upon certification as to non-U.S. beneficial ownership, be exchangeable for interests in a Permanent Global Note for that Class on and after the Exchange Date. The Permanent Global Note in respect of each Class will not be exchangeable for Definitive Notes for that Class save in certain limited circumstances. Each Global Note will be in the form of a new global note. The Notes will be in bearer form.

The Notes will constitute limited recourse obligations of the Issuer. The Notes will be constituted by a trust deed governed by English law to be dated on or about the Closing Date (the **Trust Deed**) and each Class of Notes will be secured by the same security. The Notes of each Class will rank *pari passu* with the other Notes of the same class. The Class B Notes will rank subordinate to the Class A Notes in point of security and as to the payment of interest and (except as provided below) principal. However, provided that the Performance Criteria are satisfied as provided for in Condition 6 (*Redemption*), the Class A Notes and Class B Notes will, prior to enforcement, rank *pari passu* as to the payment of principal.

It should be noted that, subject to certain exceptions described below, if amounts are due and payable to the Trustee under the Trust Deed or the Deed of Charge, to the Servicer under the Servicing Agreement, to the Cash Manager under the Cash Management Agreement, to the Issuer Account Bank under the Bank Account Agreement, to the Corporate Services Provider under the Corporate Services Agreement, to any of the Agents under the Agency Agreement, to the Swap Provider under the Swap Agreement or, prior to enforcement of the Security, certain third party creditors of the Issuer, the Issuer's obligations in respect thereof, among others, will rank ahead of its obligations in respect of the Notes.

In connection with the exercise of the powers, trusts, rights, authorities, duties and discretions vested in it by the Trust Deed and/or any other Transaction Document, the Trustee shall:

- (a) except where expressly provided otherwise in these presents or in any other Transaction Document, have regard to the interests of the Class A Noteholders and the Class B Noteholders equally PROVIDED THAT if in the opinion of the Trustee (for so long as there are any Class A Notes outstanding) there is a conflict between the interests of the Class A Noteholders, on the one hand, and the interests of the Class B Noteholders, on the other, it shall have regard only to the interests of the Class A Noteholders but so that this proviso shall not apply in the case of powers, trusts, rights, authorities, duties and discretions:

- (i) in relation to which it is expressly stated that they may be exercised by the Trustee only if in its opinion the interests of the Noteholders of each Class would not be materially prejudiced thereby; or
  - (ii) the exercise of which by the Trustee relates to any Basic Terms Modification, in which event the Trustee may exercise such powers, trusts, rights, authorities, duties and discretions only if it is satisfied that to do so will not be materially prejudicial to the interests of the Noteholders of any Class that will be affected thereby;
- (b) where it is required to have regard to the interests of the Noteholders (or any Class thereof), have regard to the interests of the Noteholders (or such Class) as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences thereof for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholders be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders; and
- (c) except where expressly provided otherwise, have regard only to the interests of the Noteholders and shall not be required to have regard to the interests of any Other Secured Party or any other person or to act upon or comply with any direction or request of any Other Secured Party or any other person whilst any amount remains owing to any Noteholder.

The Trust Deed will contain provisions limiting the powers of the holders of the Class B Notes (the **Class B Noteholders**) and, together with holders of the Class A Notes (the **Class A Noteholders**), the **Noteholders**), *inter alia*, to pass any Extraordinary Resolution (as defined in the Trust Deed) which, in the opinion of the Trustee, may affect the interests of the Class A Noteholders.

The Notes will be obligations of the Issuer only. The Notes will not be obligations or responsibilities of, or guaranteed by, any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Servicer, the Lead Manager, the Arranger, the Subordinated Loan Provider, the Set-Off (Deposits) Loan Provider, the Set-Off (Additional Payments) Loan Provider, the Swap Provider, the Paying Agent, the Agent Bank, the Issuer Account Bank, the Cash Manager, the Corporate Services Provider, the Share Trustee or the Seller.

On and from the Closing Date the obligations of the Issuer will be secured over the assets and undertaking of the Issuer only.

Relevant Margin:

- (a) In respect of the Class A Notes:
  - (i) from the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in June 2015 (the **Step-Up Date**), 0.45 per cent. per annum (the **Class A Original Margin**); and
  - (ii) thereafter, 0.675 per cent. per annum (the **Class A Step-Up Margin**), the difference between the amount of interest accruing at the Class A Step-Up Margin and the amount of interest accruing at the Class A Original Margin being the **Class A Step-Up Amounts**.
- (b) In respect of the Class B Notes:
  - (i) from the period from (and including) the Closing Date up to (but excluding) the Step-Up Date, 1.20 per cent. per annum (the **Class B Original Margin**); and
  - (ii) thereafter, 1.50 per cent. per annum (the **Class B Step-Up Margin**), the difference between the amount of interest accruing at the Class B Step-Up Margin and the amount of interest accruing at the Class B Original Margin being the **Class B Step-Up Amounts** and, together with the Class A Step-Up Amounts, (the **Step-Up Amounts**).

Interest:

Interest on the Notes is payable by reference to successive Interest Periods. Interest on the Notes will be payable quarterly in arrear in euro on the 27th day of March, June, September and December in each year (subject to adjustment for non-Business Days), (each an Interest Payment Date) commencing on the Interest Payment Date falling in September 2008. The first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Interest Payment Date falling in September 2008. Each subsequent Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date.

Interest on the Class A Notes for each Interest Period will accrue on their Principal Amount Outstanding at an annual rate equal to the sum of EURIBOR for three-month deposits (save in the case of the payment due on the first Interest Payment Date in respect of which it will be determined by reference to the linear interpolation of the rate for five-month and six-month euro deposits (**Note EURIBOR**)) plus, prior to the Step Up Date, the Class A Original Margin and, from and including the Step-Up Date, the Class A Step-Up Margin.

Interest on the Class B Notes for each Interest Period will accrue on their Principal Amount Outstanding at an annual rate equal to the sum of EURIBOR for three-month deposits (save in the case of the payment due on the first Interest Payment Date in respect of which it will be determined by reference to Note EURIBOR) plus, prior to the Step Up Date, the Class B Original Margin and, from and including

the Step-Up Date, the Class B Step-Up Margin.

The Class B Noteholders will only be entitled to receive payments of interest on the Class B Notes on any Interest Payment Date to the extent that the Issuer has funds available for such purpose (and any other items ranking *pari passu* therewith) after making payment on such Interest Payment Date of any liabilities due for payment and ranking in priority to the Class B Notes as described below in *Summary – Application of Funds*. Any interest due on any Class B Notes not paid on an Interest Payment Date will itself accrue interest (at the interest rate then applicable to the Class B Notes) and, together with such accrued interest, will be paid to such Class B Noteholders on subsequent Interest Payment Dates to the extent that the Issuer has funds available for such purpose (and any other items ranking *pari passu* therewith), after paying in full on such Interest Payment Date all payments ranking in priority thereto.

Non-payment of interest in respect of the Class A Notes will constitute an Event of Default and such interest is not subject to deferral. However, any failure to pay the Class A Step-Up Amounts or the Class B Step-Up Amounts when due will not be an Event of Default in respect of the Class A Notes or the Class B Notes (as the case may be) so long as any Class A Notes or Class B Notes are outstanding.

**Withholding Tax:** Payments of interest and principal will be made subject to any applicable withholding or deduction for or on account of any tax (wherever such tax is imposed) and neither the Issuer nor the Paying Agent will be obliged to pay any additional amounts as a consequence.

**Final Redemption:** Unless previously redeemed in full, each Class of Notes will mature at their then Principal Amount Outstanding on the Interest Payment Date falling in June 2055 (the **Final Maturity Date**), together with accrued interest thereon.

**Optional Redemption:** The Notes will be subject to redemption in full (but not in part), at the option of the Issuer on giving not more than 60 and not less than 30 days notice to the Noteholders, in an amount equal to their Principal Amount Outstanding plus accrued but unpaid interest in each of the following circumstances, on any Interest Payment Date:

- (a) following a Tax Event; or
- (b) falling on or after the Step-Up Date; or
- (c) if on such date the aggregate Principal Amount Outstanding of the Notes is 10 per cent. or less of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date; or
- (d) after it has become unlawful (by reason of a change in law in the Hellenic Republic or the United Kingdom or the interpretation or administration thereof since the Closing Date) for the Issuer to perform its obligations under the Notes or under any of the Transaction Documents,

provided that, in each case, the Issuer will only redeem the Notes on such Interest Payment Date if it is in a position to discharge all its liabilities in respect of the Notes and any amounts to be paid *pari passu* with, or in priority to, the Notes.

**Tax Event** means any of the following:

- (i) any amount that is required to be deducted or withheld from amounts of interest or principal payable to the Issuer on the Loans, by reason of a change in law, or a binding change in the interpretation or administration thereof, where such change becomes effective after the Closing Date and/or the Seller and/or the Servicer is required to pay an additional amount to the Issuer as a result of a change in law or a binding change in the interpretation or administration thereof in accordance with the terms of the Mortgage Sale Agreement or the Servicing Agreement, as applicable; or
- (ii) the Issuer (or the Paying Agent on its behalf) being obliged to make any withholding or deduction for or on account of tax (wherever imposed) from payments in respect of the Notes;
- (iii) the Issuer becomes subject to taxation or incurs a taxation liability in Greece by reason of a change in law, or a change in the interpretation or administration thereof, where such change becomes effective on or after the Closing Date; or
- (iv) the Issuer incurs a taxation liability in the UK by reason of a change in law or a change in the interpretation or administration thereof, where such change becomes effective on or after the Closing Date and which taxation liability is materially greater than the taxation liability it would have been subject to had such change in law or change in the interpretation or administration thereof not occurred,

and in the case of (ii) above, the Issuer having been unable (having used reasonable endeavours) to avoid the event described above by arranging the substitution of a company as principal debtor under the Notes, which is incorporated and/or tax resident in another jurisdiction approved in writing by the Trustee, on terms acceptable to the Rating Agency and the Trustee.

For more information on redemption of the Notes, see *Terms and Conditions of the Notes – Condition 6 (Redemption)* below.

Principal amortisation:

Prior to the enforcement of the Security, Noteholders will be entitled to receive payments of principal on their respective Classes of Notes on each Interest Payment Date, but only to the extent that the Issuer has funds available for the purpose (and any other items ranking *pari passu* therewith) after making payment, on such Interest Payment Date, of any liabilities due for payment and ranking in priority to payments of principal on such class of Notes as provided in the Conditions, the Trust Deed, the Cash Management Agreement and in the Deed of Charge and in the manner and in the amounts specified

below.

**Rating:** It is expected that the Class A Notes, when issued, will be assigned an AAA rating by Fitch Ratings Ltd (**Fitch** and the **Rating Agency**). It is expected that the Class B Notes, when issued, will be assigned a BBB rating by Fitch.

The ratings address the likelihood of timely payment of interest at the applicable rate of interest on each Interest Payment Date on the Class A Notes, the ultimate payment of interest at the applicable rate of interest on the Class B Notes and the ultimate payment of the Principal Amount Outstanding of the Notes at the Final Maturity Date. The ratings do not address the likelihood of the receipt of any Step-Up Amounts.

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 by the assigning rating organisation if in its judgement, circumstances in the future so warrant (including a withdrawal or a downgrade in the credit rating of the Swap Provider).

**Listing:** Application has been made to have the Notes approved for listing on the Irish Stock Exchange.

**Purchases:** The Issuer is not permitted to purchase the Notes.

**Governing Law of the Notes:** English.

**Estimated Weighted Average Lives:** See under *Estimated Weighted Average Lives of the Notes* below.

**Security for the Notes:** The Notes will have the benefit of security that is granted, or created, as the case may be:

1. by a pledge operating by law over the Issuer's interest in the Loans and the Related Security and in the Servicer Collection Account pursuant to paragraph 18, article 10 of the Securitisation Law; and
2. pursuant to a deed of charge between, among others, the Issuer and the Trustee for the benefit of the Trustee, the Noteholders and all of the other Secured Parties (the **Deed of Charge**) which will create the following English law security interests:
  - (i) a first priority charge over the bank account(s) of the Issuer including the Issuer Bank Accounts;
  - (ii) first priority security assignments over the Issuer's right, title and interest in the following English law governed documents:
    - (A) the Agency Agreement;

- (B) the Mortgage Sale Agreement;
  - (C) the Cash Management Agreement;
  - (D) the Swap Agreement;
  - (E) the Subscription Agreement;
  - (F) the Servicing Agreement;
  - (G) the Set-Off (Additional Payments) Loan Agreement;
  - (H) the Set-Off (Deposits) Facility Agreement;
  - (I) the Subordinated Reserve Loan Agreement;
  - (J) the Corporate Services Agreement;
  - (K) the Bank Account Agreement;
  - (L) any Collection Account Agreement
  - (M) the Issuer Agreement – ICSDs; and
- (iii) a floating charge over any rights or assets of the Issuer not secured by the above.

The pledges, charges and assignments referred to in paragraphs 1 and 2 above are together the **Security**.

The documents referred to in paragraph 2 above, together with the Trust Deed and the Greek Assignment Agreement, are referred to as the **Transaction Documents**.

### **Other Agreements**

#### **Servicing Agreement:**

Under the Servicing Agreement, the Servicer will agree to provide to the Issuer and the Trustee (in relation to their respective interests therein) certain mortgage administration services. Such services will include administering and enforcing the Loans, the storing and safe-keeping of all documents relating to the Loans and the Related Security, maintaining all such licences, approvals, authorisations and consents as may be necessary in connection with the performance of the administration and arranging for prepayments of the Loans.

See *Servicing of the Portfolio* below.

#### **Swap Agreement:**

The Issuer will enter into the swap transaction (the **Swap Transaction**) under the Swap Agreement in order to mitigate its interest rate exposure arising as a result of differences between the rates of interest payable under the Loans and the rates at which the Notes bear interest.

The Swap Provider is subject to certain conditions imposed by the Rating Agency as set out in the Swap Agreement.

See *Summary of Principal Documents - Swap Agreement* below.

Subordinated Reserve Loan Agreement:

The Subordinated Loan Provider will, pursuant to the terms of a subordinated loan agreement (the **Subordinated Reserve Loan Agreement**), make a subordinated reserve loan (the **Subordinated Reserve Loan**) to the Issuer.

The Subordinated Reserve Loan will be for an amount of €21,250,000 and will be fully drawn by the Issuer on the Closing Date in order to fund the Initial Reserve Fund Amount.

Interest on the Subordinated Reserve Loan will be paid, and principal repaid, by the Issuer on each Interest Payment Date or, following enforcement of the Security, on any Business Day from Available Funds or Available Security Funds, as the case may be subject to and in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

All amounts outstanding under the Subordinated Reserve Loan will be due and payable on the Final Maturity Date or on such earlier date as the Notes are repaid in full.

See *Summary of Principal Documents —Subordinated Reserve Loan Agreement* below.

Set-Off (Additional Payments) Loan Agreement:

The Set-Off (Additional Payments) Loan Provider will, in accordance with the terms of a loan agreement to be entered into between the Issuer, the Set-Off (Additional Payments) Loan Provider and the Trustee on the Closing Date (the **Set-Off (Additional Payments) Loan Agreement**), make a loan in the amount of approximately €1,824,463.48 to the Issuer (the **Set-Off (Additional Payments) Loan**) which the Issuer will draw down on the Closing Date to the extent of the aggregate of an amount equal to the aggregate of the Additional Payments that the Seller has received from Borrowers up until the Closing Date.

In respect of Replacement Loans or Subsequent Loans having applicable Additional Payments, the Issuer will make further drawings, at the time of acquisition of the relevant Replacement Loan or Subsequent Loan as the case may be, under the Set-Off (Additional Payments) Loan Agreement.

The proceeds of the drawings under the Set-Off (Additional Payments) Loan Agreement will be deposited in the Set-Off (Additional Payments) Reserve Account.

Interest on the Set-Off (Additional Payments) Loan will be paid on each Interest Payment Date or, following enforcement of the Security on any Business Day from Available Funds, as the case may be subject to and in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

The amount standing to the credit of the Set-Off (Additional Payments) Reserve Account may be reduced by such amount as the Rating Agency confirms will not result in downgrading of the credit rating of the Notes. Any such amounts shall be used by the Issuer to repay all or part of the Set-Off (Additional Payments) Loan.

The Set-Off (Additional Payments) Loan is repayable on each Interest Payment Date or, following enforcement of the Security, on any Business Day from Available Funds or Available Security Funds, as the case may be in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable, and is repayable in full on the earlier to occur of (a) the date which falls five years after the Final Maturity Date and (b) the date on which the Notes are redeemed in full.

**Additional Payments** means, in respect of any loan made by the Seller to a Borrower whose Loan forms part of the Portfolio, any:

- (a) additional payments (not representing principal repayable on or interest accrued in respect of such Loan) required to be made by such Borrower upon prepayment or other redemption of such Loan prior to its due date;
- (b) the difference (if any) between interest being calculated on a Loan on the basis of a 360 day year and interest being charged on a Loan on the basis of a 365 day years;
- (c) any commissions or other charges paid by the Borrowers in respect of an application for the making of a Loan;
- (d) in the case of a Loan providing for partial or staggered drawdowns, where the principal amount of such Loan was required to be drawn down in full and to the extent unutilised, deposited in an account with the Originator, the amount by which (i) the amount of interest paid by the relevant Borrower to the Originator on the unutilised portion of the Loan and exceeds (ii) the amount of interest paid by the Originator to the Borrower on the amount required to be deposited with the Originator as at the Closing Date; and
- (e) any interest which the Borrower is entitled to claim in respect of any amounts described in (a), (b), (c) or (d) above which it has previously paid to the Seller; and

in each case which is reclaimable by the Borrower from the Seller pursuant, in respect with cases under (a), (b), (c) and (e) to the Final Class Action Decision and, in respect with cases under (d) and (e), to the Second Class Action Interim Decision.

See also *Set-Off (Additional Payments) Reserve Account and Summary of Principal Documents – Set-Off (Additional Payments) Loan Agreement*.

Set-Off (Deposits) Facility Agreement:

The Set-Off (Deposits) Loan Provider will, in accordance with the terms of a loan agreement to be entered into between the Issuer, the Set-Off (Deposits) Loan Provider and the Trustee on or about the Closing Date (the Set-Off (Deposits) Facility Agreement), make available a stand-by loan facility (the **Set-Off (Deposits) Facility**) with an initial facility commitment (the **Set-Off (Deposits) Facility Commitment**) equal to the aggregate amount of all Deposit Amounts held with the Seller by the Borrowers and (in respect of only those Loans where any amount has been or is being claimed from a Guarantor) the Guarantors of such Loans whose Loans form part of the Portfolio as at the Closing Date or in the case of any Replacement Loan or Subsequent Loan as at the date the relevant Loan is assigned to the Issuer.

The Set-Off (Deposits) Facility Commitment will reduce in the manner set out in *Summary of Principal Documents - Set-Off (Deposits) Facility Agreement* below.

The Set-Off (Deposits) Facility will be drawn in full on the date (the **Rating Downgrade Date**) on which the Set-Off (Deposits) Loan Provider's short-term unsecured, unsubordinated and unguaranteed debt rating falls below F2 by Fitch or the Set-Off (Deposits) Loan Provider's long-term unsecured, unsubordinated and unguaranteed debt rating falls below BBB+ by Fitch (the **Rating Downgrade**).

Following the Rating Downgrade Date and for so long as such Rating Downgrade is continuing:

- (i) any decrease in the Set-Off (Deposits) Facility Commitment will result in a repayment of the Set-Off (Deposits) Loan on the following Interest Payment Date or, if earlier, the Set-Off (Deposits) Adjustment Date (as defined below) in the amount of such decrease; and
- (ii) any increase in the amount of the Set-Off (Deposits) Facility Commitment, as a result of a Loan becoming a Loan in respect of which any amount has been or is being claimed from a Guarantor, will result in a further drawing under the Set-Off (Deposits) Facility, in an amount equal to the Deposit Amount of any Guarantor of such Loan,

provided always that such repayment or drawing will be subject to the Set-Off (Deposits) Reserve Account being, and remaining after such repayment or drawing, funded in an amount no less than the Set-Off (Deposits) Facility Commitment from time to time.

The amounts drawn under the Set-Off (Deposits) Facility Agreement will constitute a borrowing under it (the **Set-Off (Deposits) Loan**). Once drawn the Set-Off (Deposits) Loan will be paid into the Set-Off (Deposits) Account and such amounts together with any other amounts standing to the credit of the Set-Off (Deposits) Account will constitute a fund (the **Set-Off (Deposits) Fund**).

Interest on the Set-Off (Deposits) Loan will be paid in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. Interest or other income earned by the Issuer on the amounts standing to the credit of the Set-Off (Deposits) Reserve Account will be transferred to the Issuer Collection Account on every Calculation Date and will form part of the Receipts.

Other than interest paid in respect of the Set-Off (Deposits) Loan as stated above, no commitment or other fees will be payable by the Issuer in respect of the Set-Off (Deposits) Loan Agreement.

The Set-Off (Deposits) Facility Commitment will be adjusted and/or if drawn the Set-Off (Deposits) Loan will be repaid from amounts standing to the credit of the Set-Off (Deposits) Reserve Account or a further drawing will be made in respect of the Deposit Amounts of any Guarantors in respect of only those Loans where any amount has been or is being claimed from a Guarantor in each case on the 12th day of each month (each, a **Set-Off (Deposits) Adjustment Date**) by (as applicable) an amount equal to the aggregate of all withdrawals made by Borrowers and (in respect of only those Loans where any amount has been or is being claimed from a Guarantor) Guarantors whose Loans form part of the Portfolio from deposits held by them with the Seller at the Closing Date or (in the case of Guarantors in respect of those Loans where any amount has been or is being claimed from a Guarantor) any further withdrawals which would reduce the Deposit Amount after the date on which any payment is first claimed from the relevant Guarantor (provided that the minimum amount of the Set-Off (Deposits) Facility Commitment shall be zero).

The principal amount of the Set-Off (Deposits) Loan will be repaid in full (but the Set-Off (Deposits) Facility Commitment will not be affected) on the Interest Payment Date following the date on which the Seller's short-term unsecured, unsubordinated and unguaranteed debt rating increases to F2 by Fitch and the Seller's long-term unsecured, unsubordinated and unguaranteed debt rating increases to BBB+ by Fitch (the **Rating Upgrade**).

Repayment of the Set-Off (Deposits) Loan may be made on the earlier of the next following Interest Payment Date or Set-Off (Deposits) Adjustment Date, following a Rating Upgrade (and before a Rating Downgrade) by making a withdrawal from amounts standing to the credit of the Set-Off (Deposits) Reserve Account in an amount (being greater than zero) equal to (i) the principal amount outstanding under the Set-Off (Deposits) Facility as at the relevant Interest Payment Date or Set-Off (Deposits) Adjustment Date, as applicable, less (ii) the Set-Off (Deposits) Facility Limit as at the relevant Interest Payment Date or Set-Off (Deposits) Adjustment Date, as applicable. In addition, the Set-Off Deposits Loan may be repaid from Available Funds or Available Security Funds, as the case may be in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

The Set-Off (Deposits) Facility Commitment (or, if drawn, the Set-Off (Deposits) Loan) will be cancelled (and/or, as the case may be, the principal amount of the Set-Off (Deposits) Loan repaid) in full on the earlier of:

- (a) the date falling five years after the Final Maturity Date; and
- (b) the date on which:
  - (i) prior to the enforcement of the Security, the Trustee or, if all Notes have been redeemed in full, the Issuer, is satisfied (in each case in its absolute discretion) that the Issuer has no further actual or contingent liabilities in respect of any deposits held by any Borrower;
  - (ii) following the enforcement of Security, the date on which the Trustee or, if all the liabilities owing by the Issuer to the Secured Parties under the Transaction Documents have been discharged in full and the Security released, the Issuer is satisfied (in each case in its absolute discretion) that no further withdrawals from the Set-Off (Deposits) Reserve Account are required to be made by the Cash Manager, in respect of amounts that Borrowers or (in respect of those Loans where any amount has been or is being claimed from a Guarantor) Guarantors may set off or deduct from amounts payable under the Loans in respect of amounts held on deposit by the Borrowers or Guarantors, as appropriate, in accordance with the Cash Management Agreement.

See also *Set-Off (Deposits) Reserve Account and Summary of Principal Documents - Set-Off (Deposits) Loan Agreement* below.

**Servicer Collection Account:** The Servicer will open and maintain a bank account in the name of the Issuer to be designated as the collection account under the Securitisation Law (the **Servicer Collection Account**). The Servicer will be required, pursuant to the Servicing Agreement, to credit all amounts (including, without limitation, interest, principal, fees, charges and penalties but excluding amounts representing (i) interest accrued on the Loans prior to the Closing Date; (ii) insurance premium payments advanced by the Seller directly to the relevant insurance providers, neither of which form part of the Initial Portfolio purchased by the Issuer); and (iii) any Levy, received in accordance with the Servicing Agreement (the **Collections**) to the Servicer Collection Account by 5:00 p.m. (Athens time) or, if the Servicer ceases to be assigned a short-term unsecured, unsubordinated and unguaranteed debt rating of at least F2 by Fitch by 2:00 p.m. (Athens time) on, in each case, the Athens Business Day immediately following receipt or collection. The Collections will be credited to the Servicer Collection Account less deductions made by the Servicer in accordance with the Servicing Agreement (in respect of certain legal expenses and insurance premium payments associated with the ongoing servicing of the Loans). The Collections will be transferred by the Servicer from the Servicer Collection Account to the Issuer Collection Account at or about 5:00 p.m. (Athens time) on the Athens Business Day immediately following the day on which the Collections have been credited to the Servicer Collection Account or if the Servicer ceases to be assigned a short-term, unsecured, unsubordinated and unguaranteed debt rating of at least F2 by Fitch immediately upon transfer into the Servicer Collection Account and by no later than 5:00 p.m. (Athens time) on the Athens Business Day such amounts are transferred into the Servicer Collection Account, or, in each case, if such day is not a Transfer Business Day, the immediately following Transfer Business Day. The Servicer Collection Account will be segregated from all other accounts held in the name of other customers of Piraeus and only amounts which relate to the Portfolio will be paid into the Servicer Collection Account (for additional detail, see *Servicing of the Portfolio*).

A **Transfer Business Day** is a day on which the Servicer is open for business in Athens and banks are generally open for business in London.

If a substitute servicer which is not a credit institution for the purposes of law 3601/2007 of the Hellenic Republic is appointed, such substitute servicer will be required to appoint an Eligible Bank in a jurisdiction in which such bank needs to be located for the purposes of paragraph 15, article 10 of the Securitisation Law and that is satisfactory to the Trustee to open and operate the Servicer Collection Account in the name of the Issuer pursuant to the terms of a collection account agreement to be entered into at the relevant time between the Issuer, the Trustee and such bank (any such agreement, the **Collection Account Agreement**).

**Eligible Bank** means a bank that has a short-term unsecured, unguaranteed and unsubordinated debt rating of no less than F1 by Fitch.

If the relevant bank ceases to be an Eligible Bank, the Issuer will use reasonable endeavours to move the Servicer Collection Account to an Eligible Bank within the time period set out in the Collection Account Agreement.

Pursuant to the Collection Account Agreement, Collections standing to the credit of the Servicer Collection Account may accrue interest on an annual basis at such rate as may be agreed between the Issuer, the Trustee and the relevant Eligible Bank.

Such accrued interest (the **Collection Account Income**) will be transferred by the Servicer to the Issuer Collection Account on or about the first day of each calendar month, or if such date is not a Transfer Business Day, on the immediately preceding Transfer Business Day.

The Servicer will on each Servicer Report Date supply to the Cash Manager a report setting out the amount of the Collection Account Income transferred to the Issuer during the Collection Period ending immediately before such Servicer Report Date.

No interest will accrue on amounts standing to the credit of the Servicer Collection Account for so long as the Servicer Collection Account is held with Piraeus.

Issuer Collection Account:

The Issuer will, on or about the Closing Date, open and maintain a designated bank account (the **Issuer Collection Account**) with the Issuer Account Bank in London under the Bank Account Agreement, into which all amounts received by the Issuer (including all amounts received in respect of the Loans (other than as provided above)) and funds transferred from the Servicer Collection Account will be paid. On each Calculation Date, all monies standing to the credit of the Issuer Collection Account will be transferred to the Issuer Transaction Account (as defined below).

Issuer Transaction Account:

The Issuer will, on or about the Closing Date, open and maintain a designated bank account (the **Issuer Transaction Account**) with the Issuer Account Bank in London, under the Bank Account Agreement, into which funds transferred from the Issuer Collection Account will be paid and from which the Issuer will make all payments required to be made by it (including payments under the Notes).

The Issuer Account Bank will, prior to each Calculation Date supply to the Cash Manager a report setting out the amount of the IBA Income for the Collection Period ending immediately prior to such Calculation Date.

**Authorised Investment** means any security, investment or deposit satisfying the Investment Criteria, purchased or made on behalf of the Issuer by the Cash Manager (on a non-discretionary basis) using funds available in any of the Issuer Bank Accounts, which is repayable on or before the Servicer Report Date immediately following the date on which such security or investment is acquired or such deposit is made, or on demand, and where the proceeds receivable in accordance with the terms of such Authorised Investment upon its maturity are no less than the sum so invested or deposited.

**Calculation Date** means the date in each quarter falling two days (other than Saturdays or Sundays) before each Interest Payment Date, on which banks are open for business in London, and on which calculations are made for an Interest Period ending on the immediately succeeding Interest Payment Date by reference to the determinations made on the immediately preceding Calculation Date.

**IBA Income** means, in respect of a Collection Period, the aggregate of the interest received from time to time on the balances on the Issuer Bank Accounts during such Collection Period and income received in respect of Authorised Investments prior to the Servicer Report Date immediately following such Collection Period.

**Investment Criteria** means any euro denominated senior, unsubordinated debt security, investment, commercial paper or other debt instrument issued by, or fully and unconditionally guaranteed by, an institution having at least the applicable rating by Fitch for the maturity of such investments set forth below:

<b>Maturity</b>	<b>Fitch</b>
more than 365 days	AAA
30 days or more to 365 days	F1+
Less than 30 days	F1

or such other rating as acceptable to the Rating Agency from time to time.

Reserve Account:

The Issuer will, on the Closing Date, open and maintain a designated bank account (the **Reserve Account**) with the Issuer Account Bank under the Bank Account Agreement.

The Reserve Account will be funded on the Closing Date in the amount of €21,250,000 (the **Initial Reserve Fund Amount**) from the proceeds of the Subordinated Reserve Loan.

Subject to all of the Performance Criteria being met, the amount standing to the credit of the Reserve Account will decrease on each Interest Payment Date following the date on which the Performance Criteria have been satisfied to the greater of:

- (a) 2.5 per cent of the Principal Amount Outstanding of the Notes on such Interest Payment Date; and
- (b) 0.5 per cent of the Principal Amount Outstanding of the Notes as at the Closing Date;

(the **Required Reserve Fund Amount**)

provided that if any one of the conditions set out in paragraphs (a), (b) and (c) of the Performance Criteria is not satisfied on any Calculation Date, the Required Reserve Fund Amount will remain at the level at which it was on the immediately preceding Interest Payment Date. The Reserve Account will be replenished on each Interest Payment Date subject to and in accordance with the Pre-Enforcement Priority of Payments to the extent the balance of the Reserve Account has fallen or is below the Required Reserve Fund Amount for such Interest Payment Date.

Any balances of the Reserve Account from time to time will form part of the Available Funds.

The **Performance Criteria** in respect of a Calculation Date are that:

- (a) on such Calculation Date the Reserve Account is funded to the Required Reserve Fund Amount;
- (b) on such Calculation Date the Default Ratio (as defined below) is less than 4 per cent.;
- (c) the Class A Credit Enhancement Ratio as at such Calculation Date is equal to or exceeds 2 times the Class A Credit Enhancement Ratio as at the Closing Date;
- (d) the Outstanding Balance of the Portfolio at the immediately preceding Calculation Date is greater than 10% of the Outstanding Balance of the Portfolio at the Closing Date.

**Class A Credit Enhancement Ratio** means, on any Calculation Date, the ratio, expressed as a percentage (rounded downwards to two decimal places) of:

- (a) the aggregate of the Principal Amount Outstanding of the Class B Notes as at such Calculation Date;

over

- (b) the aggregate of the Principal Amount Outstanding of all the Notes as at such Calculation Date.

**Default Ratio** means, on any Calculation Date, the ratio, expressed as a percentage (rounded downwards to two decimal places) of:

- (a) the aggregate of all Principal Losses as at the end of the Collection Period immediately preceding such Calculation Date;

to

- (b) the aggregate Principal Outstanding Balance of the Loans as at the Closing Date.

**Principal Loss** means, in respect of a Loan, the amount required to be deemed as lost under the terms of the Servicing Agreement, being, for Defaulted Loans, an amount equal to 100 per cent. of the Principal Outstanding Balance of that Loan.

**Defaulted Loan** means a loan which is 150 Days in Arrears, or which has been referred to the Servicer's non-performing loans division, whichever occurs earlier.

**150 Days in Arrears** means, in respect of a Loan at any time, a classification to be applied to that Loan when the aggregate amount due under the loan which has not been paid by the relevant Borrower when due and which remains outstanding is equal to or greater than six times the then current monthly instalment amount.

Set-Off (Additional Payments) Reserve Account:

The Issuer will, on the Closing Date, create and maintain a designated account (the **Set-Off (Additional Payments) Reserve Account**) with the Issuer Account Bank under the Bank Account Agreement.

The Set-Off (Additional Payments) Reserve Account will hold the Set-Off (Additional Payments) Loan to the extent this has been drawn under the Set-Off (Additional Payments) Loan Agreement or accumulated in accordance with the Pre-Enforcement Priority of Payments.

Withdrawals from the Set-Off (Additional Payments) Reserve Account may be made only in accordance with the provisions of the Cash Management Agreement and the Deed of Charge. Other than to effect a repayment of the Set-Off (Additional Payments) Loan as described in the section *Set-Off (Additional Payments) Loan Agreement above and in the section Summary of Principal Documents - Set-Off (Additional Payments) Loan Agreement* below, the circumstances in which such a withdrawal may be made relate to the exercise by a Borrower of any set-off, counterclaim or deduction from any amount payable by such Borrower under a Loan in respect of Additional Payments.

Amounts withdrawn for such purpose from the Set-Off (Additional Payments) Reserve Account will be transferred to the Issuer Transaction Account on the relevant Calculation Date and will form part of the Available Funds.

Amounts of interest or other income received in respect of the amounts standing to the credit of the Set-Off (Additional Payments) Reserve Account will be transferred to the Issuer Collection Account on the last day of each month and will form part of the Receipts.

See also *Set-Off (Additional Payments) Loan Agreement above and Summary of Principal Documents – Set-Off (Additional Payments) Loan Agreement* below.

Set-Off (Deposits) Reserve Account:

The Issuer will, on the Closing Date, create and maintain a designated account (the **Set-Off (Deposits) Reserve Account** and, together with the Issuer Transaction Account, the Issuer Collection Account, the Reserve Account and the Set-Off (Additional Payments) Reserve Account, the Servicer Collection Account and any other account in which the Issuer may have an interest from time to time the **Issuer Bank Accounts**) with the Issuer Account Bank under the Bank Account Agreement.

The Set-Off (Deposits) Reserve Account will hold any drawings under Set-Off (Deposits) Facility to the extent this has been drawn under the Set-Off (Deposits) Facility Agreement or accumulated in accordance with the Pre-Enforcement Priority of Payments.

Withdrawals from the Set-Off (Deposits) Reserve Account may be made only in accordance with the provisions of the Cash Management Agreement and the Deed of Charge. Other than to effect a repayment of the Set-Off (Deposits) Loan as described in the sections Set-Off (Deposits) Facility Agreement above and in the section Summary of Principal Documents – Set-Off (Deposits) Facility Agreement below, the circumstances in which such a withdrawal may be made relate to the exercise by a Borrower or (in respect of those Loans where any amount has been or is being claimed from a Guarantor) Guarantor of any setoff, counterclaim or deduction relating to amounts held on deposit by the Borrower or Guarantor with the Seller from any amount payable by such Borrower or Guarantor under a Loan. Amounts withdrawn for such purpose from the Set-Off (Deposits) Reserve Account will be transferred to the Issuer Transaction Account on the relevant Calculation Date and will form part of the Available Funds.

Amounts of interest or other income received in respect of the amounts standing to the credit of the Set-Off (Deposits) Reserve Account will be transferred to the Issuer Collection Account on the last day of each month and will form part of the Receipts.

See also *Set-Off (Deposits) Facility Agreement above and Summary of Principal Documents – Set-Off (Deposits) Facility Agreement* below.

Sources of Funds:

The Issuer's receipts (the **Receipts**) in respect of a Collection Period and in the case of Income Receipts, including any amounts of Swap Income for the relevant Interest Period, will comprise the aggregate of

- (a) Income Receipts;
- (b) amounts of principal received in respect of the Loans;

- (c) (i) recoveries of principal from Borrowers under Loans being enforced or Loans which have been enforced, (ii) payments from Guarantors relating to Loans and (iii) auction proceeds arising out of the auction of any relevant Properties relating to Loans;
- (d) any proceeds of an insurance policy relating to a Borrower or a Loan (to the extent not applied in the repair and/or reinstatement of the relevant Property);
- (e) all the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the terms of the Mortgage Sale Agreement other than any proceeds of a repurchase that are set-off against amounts due from the Issuer to the Seller to purchase Replacement Loans from the Seller and of any other sale of any Loan;
- (f) any indemnity amounts paid by the Seller pursuant to the Mortgage Sale Agreement; and
- (g) amounts transferred from the Set-Off (Additional Payments Reserve Account and the Set-Off (Deposits) Reserve Account to the Issuer Transaction Account,

without double-counting.

**Available Funds** means, as at a Calculation Date, an amount, without double counting, equal to the aggregate of:

- (a) the Receipts standing to the credit of the Issuer Transaction Account at the close of business on such Calculation Date;
- (b) the aggregate of the amounts (if any) due to be paid to the Issuer under the Swap Agreement on or prior to the immediately succeeding Interest Payment Date in respect of the Interest Period to which that Calculation Date relates but excluding any Excess Swap Collateral;
- (c) any other amounts (if any) standing to the credit of the Issuer Bank Accounts (except amounts credited thereto by mistake, where such mistake is known to the Cash Manager as at such Calculation Date), other than any amounts standing to the credit of
  - (i) the Set-Off (Additional Payments) Reserve Account;
  - (ii) the Set-Off (Deposits) Reserve Account; and
  - (iii) the Tax Reserve Ledger such amounts standing to the credit of the Tax Reserve Ledger to be applied to meet any corporation tax liability of the Issuer in the U.K. under paragraph (a)(iv) of the Pre-Enforcement Priority of Payments.

**Collection Date** means the 1st of March, June, September and December of each year.

**Collection Period** means each period starting on (and including) a Collection Date and ending on (and excluding) the immediately succeeding Collection Date.

Application of Funds:

Pre-Enforcement Priority of Payments:

- (a) Prior to the enforcement of the Security, on each Interest Payment Date the Issuer and/or Cash Manager will apply the aggregate of the Available Funds, as determined on the immediately preceding Calculation Date, in the following manner and order of priority (the Pre-Enforcement Priority of Payments) in each case only if and to the extent that payments or provisions of a higher priority have been made in full:
  - (i) *firstly*, in or towards payment of the costs, expenses, fees, remuneration or any other liability and indemnity payments (including, in each case, any tax thereon) (if any) payable to the Trustee or any persons appointed under the Trust Deed, the Deed of Charge and/or any other Transaction Document to which it is a party;
  - (ii) *secondly*, in or towards payment of, *pari passu* and *pro rata* according to the respective amounts thereof,
    - (A) all amounts due to the Issuer Account Bank under the Bank Account Agreement,
    - (B) all amounts due to the Cash Manager under the Cash Management Agreement and
    - (C) all amounts due to the Agents under the Agency Agreement;
  - (iii) *thirdly*, in or towards payment of, *pari passu* and *pro rata* according to the respective amounts thereof,
    - (A) all amounts due to the Corporate Services Provider under the Corporate Services Agreement and
    - (B) all amounts due to the Servicer under the Servicing Agreement;

- (iv) *fourthly*, in or towards payment of amounts, (including audit fees and fees due to the Rating Agency), which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed or the Deed of Charge and not provided for payment elsewhere in the Pre-Enforcement Priority of Payments and to provide for any such amounts expected to become due and payable by the Issuer after that Interest Payment Date (but before the subsequent Interest Payment Date) and to provide for the Issuer's corporation tax liability in the U.K. (utilising any amounts standing to the credit of the Tax Reserve Ledger and, if required, any other Available Funds) or any other possible liability for taxation up to the subsequent Interest Payment Date;
- (v) *fifthly*, in or towards funding the Expenses Fund until the balance of the Expenses Fund is €100,000;
- (vi) *sixthly*, in or towards payment of amounts due and payable to the Swap Provider under the Swap Agreement (other than Swap Subordinated Amounts or Swap Substitution Amounts);
- (vii) *seventhly*, to retain in a separate ledger (the **Tax Reserve Ledger**) of the Issuer Transaction Account an amount equal to 0.0100 per cent. of the Income Receipts for the Collection Period which ended immediately prior to such Calculation Date;
- (viii) *eighthly*, in or towards payment of interest due on the Class A Notes (other than the Class A Step-Up Amounts);
- (ix) *ninthly*, subject to paragraph (b) below, in or towards payment of interest due on the Class B Notes (other than the Class B Step-Up Amounts);
- (x) *tenthly*,
- (A) first, during the Revolving Period, in the application of the Principal Amortisation Amount in or towards the purchase of those Subsequent Loans that are offered for sale by the Seller in accordance with the terms of the Mortgage Sale Agreement and, in the event that, following the application of such amounts towards the purchase price for such Subsequent Loans, the remaining balance of Principal Amortisation Amount is greater than €200,000 towards the redemption of the Notes in accordance with (B) below;

(B) second, for as long as the Performance Criteria are satisfied on such Calculation Date or if they will be satisfied on the relevant Interest Payment Date following application of amounts pursuant to the preceding items in or towards redemption of, *pari passu* and *pro rata*:

- (1) the Class A Notes in an amount equal to the Class A Note Redemption Amount; and
- (2) the Class B Notes in an amount equal to the Class B Note Redemption Amount,

or

if any of the Performance Criteria are not satisfied on such Calculation Date or if they will not be satisfied on the relevant Interest Payment Date following application of amounts pursuant to the preceding items in or towards redemption of, *pari passu* and *pro rata*, then towards redemption of the Notes in the following manner and order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (1) the Class A Notes in an amount equal to the Class A Note Redemption Amount; and
- (2) the Class B Notes in an amount equal to the Class B Note Redemption Amount,

PROVIDED THAT if on any Interest Payment Date the Principal Amortisation Amount (having, in the case of (A) above, taken into account any purchase of Subsequent Loans) is less than €200,000 such amount shall be retained in the Issuer Transaction Account and form part of the Principal Amortisation Amount on the next Interest Payment Date.

- (xi) *eleventhly*, for so long as there are Notes outstanding, in crediting the Reserve Account until the amount of the Reserve Account equals the Required Reserve Fund Amount;

- (xii) *twelfthly*, to pay the Class A Step-Up Amounts (if any)
- (xiii) *thirteenthly*, to pay the Class B Step-Up Amounts (if any)
- (xiv) *fourteenthly*, for so long as there are Notes outstanding *pari passu* and *pro rata*,
  - (1) following the occurrence of a Servicer Performance Event only, in crediting the Set-Off (Additional Payments) Reserve Account until the total amount standing to the credit thereof equals the Required Set-Off (Additional Payments) Reserve Amount; and
  - (2) following a Rating Downgrade of the Set-Off (Deposits) Loan Provider (unless the Set-Off (Deposits) Loan Provider has subsequently had a Rating Upgrade) or the occurrence of a Servicer Performance Event, in crediting the Set-Off (Deposits) Reserve Account until the total amount standing to the credit thereof equals the Set-Off (Deposits) Facility Commitment (as the same may have reduced since the Closing Date);
- (xv) *fifteenthly*, in or towards payment *pari passu* and *pro rata*, according to the respective amounts thereof of:
  - (1) any Swap Subordinated Amounts
  - (2) any Swap Substitution Amounts and
  - (3) an amount equal to the amount (if any) due and payable to the Back-to-Back Swap Provider in the event of any insolvency proceedings in respect of the Originator.
- (xvi) *sixteenthly*, in or towards payment, *pari passu* and *pro rata* according to the amounts thereof, of interest due on the Subordinated Reserve Loan, the Set-Off (Additional Payments) Loan and the Set-Off (Deposits) Facility;
- (xvii) *seventeenthly*, in or towards payment of principal outstanding under the Subordinated Reserve Loan;
- (xviii) *eighteenthly*, in or towards payment *pari passu* and *pro rata* of principal outstanding under each of the Set-Off (Additional Payments) Loan and the Set-Off (Deposits) Loan;

- (xix) *nineteenthly*, in or towards payment of Deferred Consideration to the Seller; and
  - (xx) *twentiethly*, the surplus, if any, to the Issuer
- (b) If, on any Calculation Date, the Default Ratio is 8.5 per cent. or greater, the priority of payments set out in (a)(ix) and (a)(x) above will be replaced by the following:
- (ix) *ninthly*, redemption of the Class A Notes in an amount equal to the Class A Note Redemption Amount, calculated on the basis that the Performance Criteria have not been satisfied;
  - (x) *tenthly*, interest due on the Class B Notes;
  - (xi) *eleventhly*, redemption of the Class B Notes in an amount equal to the Class B Note Redemption Amount, calculated on the basis that the Performance Criteria have not been satisfied;

and the successive items in the Pre-Enforcement Priority of Payments starting with item (a)(xi) above shall follow in the same order as that in which they are listed in paragraph (a) above, with consequential alterations to their numerical ranking.

**Class A Pro-Rata Percentage** means, at any time, the fraction expressed as a percentage, the numerator of which is the Principal Amount Outstanding of the Class A Notes at such time, and the denominator of which is the Principal Amount Outstanding of all of the Notes at such time.

**Class A Note Redemption Amount** means on any Calculation Date:

- (a) if the Performance Criteria are satisfied on such Calculation Date, an amount equal to the Class A Pro-Rata Percentage of the Principal Amortisation Amount on such Calculation Date; and
- (b) if the Performance Criteria are not satisfied on such Calculation Date, an amount equal to the lesser of:
  - (i) the Principal Amortisation Amount; and
  - (ii) the then Principal Amount Outstanding of the Class A Notes

**Class B Pro-Rata Percentage** means, at any time, the fraction expressed as a percentage, the numerator of which is the Principal Amount Outstanding of the Class B Notes at such time, and the denominator of which is the Principal Amount Outstanding of all of the Notes at such time.

**Class B Note Redemption Amount** means on any Calculation Date:

- (a) if the Performance Criteria are satisfied on such Calculation Date, an amount equal to the Class B Pro-Rata Percentage of the Principal Amortisation Amount on such Calculation Date; and
- (b) if the Performance Criteria are not be satisfied on such Calculation Date, an amount equal to the lesser of:
  - (i) the Principal Amortisation Amount less any amounts repayable on the Class A Notes on the next following Interest Payment Date; and
  - (ii) the then Principal Amount Outstanding of the Class B Notes.

**Expenses Fund** means the expenses reserve which will be set up as a ledger in the Issuer Transaction Account to provide for the ongoing expenses of the Issuer on each Interest Payment Date or in respect of those payments due other than on an Interest Payment Date.

**Required Set-Off (Additional Payments) Reserve Amount** means an amount equal to the Additional Payments in respect of the Initial Portfolio and the Additional Payments in respect of any Replacement Loans or Subsequent Loans, being as at the Closing Date, approximately €1,824,463.48 or such other amount as the Rating Agency confirms is required in order to maintain the then current ratings of the Notes.

**Servicer Performance Event** means either:

- (a) the short-term, unsecured, unsubordinated and unguaranteed debt ratings of the Set-Off (Additional Payments) Loan Provider being lower than F2 by Fitch;
- (b) the Servicer being in default of its obligations under the Servicing Agreement; or
- (c) the occurrence of certain insolvency events in respect of Piraeus.

**Swap Subordinated Amounts** means any amount due from the Issuer to the Swap Provider, where such amount due is a positive number, as a result of a termination of the swap transaction under the Swap Agreement, when the Swap Provider is the sole Affected Party (as defined in the Swap Agreement) or the Defaulting Party (as defined in the Swap Agreement) under such provisions, provided that if such amount includes an amount attributable to collateral delivered by the Swap Provider in excess of the termination amounts otherwise due in respect of such swap transaction, then that part of the termination amount will not be a Swap Subordinated Amount.

**Swap Substitution Amounts** means the costs incurred by the Swap Provider re-establishing the hedge to the Swap Agreement in the event of the insolvency or reorganisation of Piraeus. Such costs shall be calculated by the Swap Provider as it reasonably determines acting in good faith on the basis of quotations from at least three independent swap market makers.

**Excess Swap Collateral** means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by the Swap Provider to the Issuer in respect of the Swap Provider's obligations to transfer collateral to the Issuer under the Swap Agreement to be held in the Swap Provider Collateral Account (as a result of the ratings downgrade provisions in the Swap Agreement), which is in excess of the Swap Provider's liability to the Issuer under the Swap Agreement as at the date of termination of the transaction under the Swap Agreement, or which the Swap Provider is otherwise entitled to have returned to it under the terms of the Swap Agreement.

**Swap Tax Credit Amount** means any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to such payment obtained by the Issuer in relation to a payment made by the Swap Provider in accordance with the Swap Agreement.

Principal Amortisation  
Amount:

On each Calculation Date, the Cash Manager will calculate the Principal Amortisation Amount in respect of the immediately following Interest Payment Date.

**Principal Amortisation Amount** means, in respect of an Interest Payment Date, the aggregate of (i) any amount comprising the Principal Amortisation Amount on the immediately preceding Interest Payment Date which has been retained in the Issuer Transaction Account and (ii) the lower of:

- (a) the Available Funds relating to such Interest Payment Date, minus:
  - (i) to the extent that the Pre-Enforcement Priority of Payments is by reference exclusively to paragraph (a) of the Pre-Enforcement Priority of Payments, all amounts falling due and payable under items (i) to (ix) (inclusive) of paragraph (a) of the Pre-Enforcement Priority of Payments on such Interest Payment Date;
  - (ii) to the extent that the Pre-Enforcement Priority of Payments is by reference to paragraphs (a) and (b) of the Pre-Enforcement Priority of Payments,

(A) for so long as any Class A Notes are outstanding, the aggregate of,

- (1) all amounts falling due and payable under items (i) to (viii) (inclusive) of paragraph (a) of the Pre-Enforcement Priority of Payments; and
- (2) item (ix) of paragraph (b) of the Pre-Enforcement Priority of Payments

on such Interest Payment Date; and

(B) following redemption of the Class A Notes in full but for so long as any Class B Notes are outstanding, the aggregate of:

- (1) all amounts falling due and payable under items (i) to (ix) (inclusive) of paragraph (a) of the Pre-Enforcement Priority of Payments; and
- (2) items (ix) and (x) and (xi) of paragraph (b) of the Pre-Enforcement Priority of Payments,

on such Interest Payment Date;

(b) the greater of (i) zero and (ii) the Expected Amortisation Amount.

**Expected Amortisation Amount** means, in relation to each Calculation Date, the aggregate Principal Amount Outstanding of all Notes less the Principal Outstanding Amount of the Loans, in each case as at such Calculation Date.

**Principal Outstanding Amount of the Loans** means, in relation to each Calculation Date, (i) the aggregate of the Principal Outstanding Balances of the Loans less (ii) the aggregate Principal Loss, in each case as at the immediately preceding Determination Date.

Income Receipts:

On each Calculation Date, the Cash Manager will, on the basis of information supplied to it by the Servicer, the Account Bank and, as the case may be, the Swap Provider, calculate the Income Receipts in respect of the immediately succeeding Interest Payment Date.

**Income Receipts** means, in respect of a Collection Period, the aggregate of:

- (a) Loan Income Receipts in respect of a Collection Period;
- (b) IBA Income in respect of a Collection Period;

- (c) Collection Account Income (if any) in respect of a Collection Period; and
- (d) any Swap Income,

in each case for the Interest Period ending on the immediately succeeding Interest Payment Date and without double-counting.

**Loan Income Receipts** means, in respect of a Collection Period ending immediately prior to such Calculation Date the aggregate of:

- (a) payments of interest and other fees received under the Loans; and
- (b) recoveries of interest and outstanding fees from defaulting Borrowers under Loans being enforced or Loans which have been enforced,

in each case for that Collection Period and without double-counting.

**Swap Income** means, on any Calculation Date and in respect of an Interest Period any net amount to be received from the Swap Provider under the Swap Agreement (which net amount shall exclude any collateral provided by the Swap Provider under the Swap Agreement) during the Interest Period ending immediately following such Calculation Date.

Post-Enforcement Priority of Payments:

Following the enforcement of the Security, the Trustee or a receiver appointed by it will apply all monies and receipts in respect of the Security (other than amounts standing to the credit of the Set-Off (Additional Payments) Reserve Account (if any) or the Set-Off (Deposits) Reserve Account (if any) except to the extent such amounts have been transferred to the Issuer Transaction Account following set-off by a Borrower in respect of Additional Payments or Deposit Amounts) (whether of principal or interest or otherwise) (together, the **Available Security Funds**) in the following manner and order of priority (the Post-Enforcement Priority of Payments) (in each case only if and to the extent that payments of a higher priority have been made in full)

- (i) *firstly*, in or towards satisfaction of the costs, expenses, fees, remuneration and indemnity payments (including, in each case, any tax thereon) (if any) payable to the Trustee and any receiver or other person appointed by the Trustee and any costs, charges, liabilities and expenses incurred by the Trustee or such receiver or other person, in each case under the Trust Deed, the Deed of Charge and/or any other Transaction Document to which it is a party;

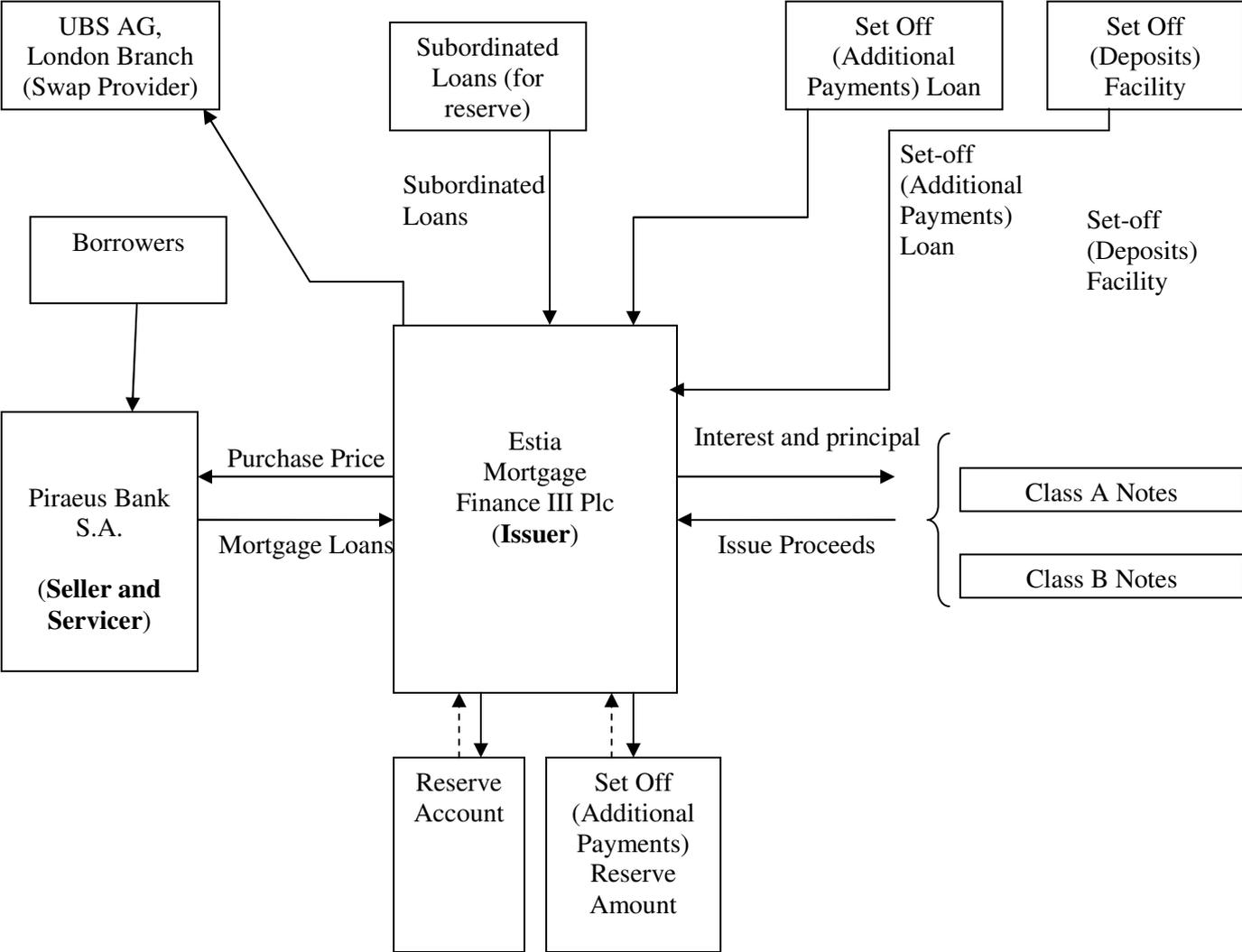
- (ii) *secondly*, in or towards satisfaction of, *pari passu* and *pro rata according* to the respective amounts thereof, (a) all amounts due to the Corporate Services Provider under the Corporate Services Agreement, (b) all amounts due to the Servicer under the Servicing Agreement, (c) all amounts due to the Issuer Account Bank under the Bank Account Agreement, (d) all amounts due to the Cash Manager under the Cash Management Agreement and (e) all amounts due to the Agents under the Agency Agreement;
- (iii) *thirdly*, in or towards satisfaction of all amounts due or overdue to the Swap Provider under the Swap Agreement (other than Swap Subordinated Amounts, the Swap Substitution Amounts and an amount equal to the amount (if any) due and payable to the Back-to-Back Swap Provider in the event of any insolvency proceedings in respect of the Originator);
- (iv) *fourthly*, in or towards satisfaction of all interest and principal due or overdue on the Class A Notes;
- (v) *fifthly*, in or towards satisfaction of all interest and principal due or overdue on the Class B Notes;
- (vi) *sixthly*, *pro rata* and *pari passu* in or towards satisfaction of all Swap Subordinated Amounts and Swap Substitution Amounts in or;
- (vii) *seventhly*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof, of interest due or overdue on the Subordinated Reserve Loan, and the Set-Off (Additional Payments) Loan and the Set-Off (Deposits) Loan;
- (viii) *eighthly*, in or towards payment of all principal and other amounts due or overdue on the Subordinated Reserve Loan;
- (ix) *ninthly*, in or towards payment, *pari passu* and *pro rata*, and according to the respective amounts thereof, of all principal and other amounts due or overdue on the Set-Off (Additional Payments) Loan and the Set-Off (Deposits) Loan;
- (x) *tenthly*, in or towards satisfaction of all amounts of Deferred Consideration to the Seller; and
- (xi) *eleventhly*, the surplus, if any, to the Issuer or other persons entitled thereto.

Following the enforcement of the Security the Set-Off (Deposits) Facility and the Set-Off (Additional Payments) Loan will be cancelled in full (and/or, as the case may be, principal repaid from any amounts (if any) standing to the credit of the Set-Off (Deposits) Reserve Account and the Set-Off (Additional Payments) Reserve Account) on the earlier of:

- (a) the date falling five years after the Final Maturity Date; and
- (b) the date on which the Trustee or, if all the liabilities owing by the Issuer to the Secured Parties under the Transaction Documents have been discharged in full and the Security released, the Issuer, is satisfied (in its absolute discretion) that no further withdrawals from the Set-Off (Deposits) Reserve Account or the Set-Off (Additional Payments) Reserve Account (as applicable) are required to be made by the Cash Manager in respect of amounts that Borrowers or Guarantors may set-off or deduct from amounts payable under the Loans in respect of amounts payable by the Seller to the Borrowers or the Guarantors in accordance with the Cash Management Agreement.

To the extent that any amounts remain standing to the credit of the Set-Off (Additional Payments) Reserve Account or the Set-Off (Deposits) Reserve Account after repaying all amounts due under the Set-Off (Additional Payments) Loan or the Set-Off (Deposits) Loan, as applicable, such amounts shall be paid by the Issuer to the Seller as Deferred Consideration.

**STRUCTURE DIAGRAM**



## **RISK FACTORS**

*Prior to making an investment decision, prospective purchasers of the Notes should consider carefully, in light of the circumstances and their investment objectives, the information contained in this entire Prospectus and reach their own views prior to making any investment decision. Prospective purchasers should nevertheless consider, among other things, the risk factors set out below.*

### **Liabilities under the Notes**

The Notes are limited recourse obligations of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Prospectus including but not limited to the Transaction Parties. None of the foregoing or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the Notes.

No holder of any Notes will be entitled to proceed directly or indirectly against the Transaction Parties. None of the foregoing or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the Notes.

### **Recourse only to the assets of the Issuer**

Although the Notes will be full recourse obligations of the Issuer, the ability of the Issuer to meet its obligations under the Notes will be directly or indirectly dependent primarily upon the receipt by it of principal and interest from the Borrowers under the Loans, the receipt of funds (if available to be drawn) under the subordinated loan agreements, the receipt of funds (if available to be drawn) under the Set-Off Reserve Loan Agreement, the receipt of funds (if any) from the Set Off (Additional Funds) Facility Provider and the receipt of funds from the Swap Provider. Other than the foregoing and any interest earned by the Issuer in respect of the Issuer Bank Accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or pari passu with, the Notes.

Upon enforcement of the security for the Notes, the Trustee or any receiver and the Noteholders will have recourse only to the Loans, the Issuer's interest in the relevant Related Security and to any other assets of the Issuer then in existence as described in this document.

### **Restriction on exercise of certain rights**

The Deed of Charge will contain provisions to the effect that only the Trustee may enforce the Security and prohibiting the other Secured Parties from taking any action (including petitioning for winding-up, liquidation or administration) against the Issuer for recovery of any amounts owed to them, unless (a) an Acceleration Notice has been served or the Trustee fails (when bound to do so) to serve an Acceleration Notice and (b) the Trustee fails (when bound to do so) to enforce the Security, and even in the circumstances described in (a) and (b), each Secured Party (other than the Trustee) will be prohibited from petitioning for the winding-up, liquidation or administration of the Issuer.

### **Subordination of the Class B Notes**

The Class B Notes will be affected by considerations which do not affect the Class A Notes. In particular, the Class A Notes will rank in point of security prior to the Class B Notes. Accordingly, following an enforcement of the Security, any losses after application of the Issuer's assets (including any proceeds of sale of the Portfolio and the balances on the Transaction Accounts) will be attributable first to the Class B Notes and then to the Class A Notes. Prior to such enforcement, the Class B Notes will support the timely payment of interest on the Class A Notes because of the higher ranking of payments under the Class A Notes than those due under the Class B Notes

## **Conflict between Classes of Noteholders**

The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the Noteholders equally, as regards all powers, trusts, rights, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), provided that if in the opinion of the Trustee (for so long as there are any Class A Notes outstanding) there is a conflict between the interests of the Class A Noteholders, on the one hand and the interests of the Class B Noteholders on the other hand, it shall have regard only to the interests of the Class A Noteholders, but so that this proviso shall not apply in the case of powers, trusts, rights, authorities, duties and discretions:

- (A) in relation to which it is expressly stated that they may be exercised by the Trustee only if in its opinion the interests of the Noteholders of each Class would not be materially prejudiced thereby; or
- (B) the exercise of which by the Trustee relates to any Basic Terms Modification, in which event the Trustee may exercise such powers, trusts, authorities, duties and discretions only if it is satisfied that to do so will not be materially prejudicial to the interests of the Noteholders of any Class that will be affected thereby.

## **Yield and Prepayment Considerations**

The yield to maturity of the Notes of each class will depend on, among other things, the amount and timing of payment of principal on the Loans (including full and partial prepayments under a Loan, sale proceeds arising on enforcement of a Loan and repurchases of Loans by the Seller due to breaches of representations and warranties under the Mortgage Sale Agreement (although this may be mitigated by the repurchase of Replacement Loans by the Issuer)) and the price paid by the Noteholders for the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans.

Principal prepayments in full may occur as a result of, or in connection with, the voluntary refinancing or the sale of the relevant property by a Borrower or as a result of enforcement proceedings under the relevant Loan, as well as the receipt of proceeds from insurance policies. In addition, repurchases of Loans by the Seller will have the same effect as a prepayment in full of such Loans although this may be mitigated by the purchase of Replacement Loans from the Seller in these circumstances.

The rate of prepayment of the Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. No assurance can be given as to the level of prepayment that the Portfolio will experience. See *Estimated Weighted Average Lives of the Notes* below.

## **Performance of the Portfolio**

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes (and its operating and administrative expenses) will, ultimately, be subject to the risk of default by Borrowers (such that, after completion of enforcement procedures in respect of the relevant Loan and its Related Security, the Issuer may not receive the full principal and interest due on such Loan). In the event of such a default, if the cash flows derived from the Loans, the Swap Agreement, the Reserve Account and any other assets of the Issuer are insufficient to meet any shortfall, then Noteholders may not receive all sums expected to be received by them in respect of the Notes.

Deficiencies in receipts from Borrowers may result in reductions to the amounts payable and receivable by the Issuer under the Swap Agreement which in turn will result in reductions in Available Funds or Available Security Funds, as the case may be to be applied to meet the payments

in the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

If there are insufficient funds available as a result of such deficiencies, 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, firstly the Class B Notes and secondly, the Class A Notes. In this situation, there may not be sufficient funds to redeem each class of the Notes on or prior to the Final Maturity Date.

### **Losses associated with declining property values and geographic concentration of properties**

The security for the Notes includes, among other things, a pledge operating by law over the Issuer's interest in the Related Security. The Related Security granted by Borrowers for the Loans consists of, *inter alia*, Pre-Notations granted in respect of the Loans. This Related Security may be affected by, among other things, a decline in the value of the properties to which the Related Security of each Loan relates. No assurance can be given that values of the properties have remained or will remain at the level at which they were on the date of origination of the related Loans. If the residential property market in Greece should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security created for the Loans being significantly reduced and, ultimately, may result in losses to the Noteholders if such security is required to be enforced. Certain geographic regions will from time to time experience weaker regional economic conditions and housing markets than will other regions, and, consequently, could experience higher rates of loss and delinquency on residential loans generally. See *Description of the Provisional Mortgage Portfolio* below.

### **Prior ranking Mortgages or Pre-Notations**

In some cases, a Pre-Notation held by the Issuer over a particular property may rank lower than a prenotation or mortgage registered earlier over the same property, in favour of a third party creditor or the Seller itself. In these circumstances, the Issuer's claims to the proceeds of enforcement would rank behind those of the earlier creditor. However, the Seller has determined to its satisfaction, acting as a Prudent Mortgage Lender, that there are no actual outstanding claims capable of being made by each one of such third party creditors or that any such third party claims are limited to a maximum of €1,500. Where the Seller itself has a prior ranking mortgage or pre-notation over the same property, the loan in respect of which such mortgage or pre-notation was granted, must be transferred to the Issuer pursuant to the Mortgage Sale Agreement.

### **Properties under construction**

It is a requirement under the Eligibility Criteria (see *Summary of Principal Documents - Mortgage Sale Agreement*) that any Loan granted for the construction of a property where such property is providing security for the relevant Loan that the property under construction must have been completed and the loan must have been originated at least twelve months before the Cut-Off Date. It is the general practice of the Seller to require an engineer's inspection (unless the property securing the loan is another fully completed property) to confirm that the final stage of construction of the property has been completed before full disbursement of the Loan. The probability of the construction of a property not being completed is therefore negligible.

### **Searches and investigations**

The Issuer has not made or caused to be made on its behalf all of the enquiries, searches or investigations which a prudent purchaser of assets such as the Portfolio would make (and will not do so) and the Trustee, the Lead Manager, the Arranger, the Swap Provider, the Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the Share Trustee and the Agents have made no such enquiries, searches or investigations. Each of the Issuer, the Trustee and such other parties will rely on the representations and warranties made by the Seller to be contained in the Mortgage Sale

Agreement. The ultimate remedy for the breach of such representations and/or warranties if this breach cannot be otherwise rectified by the next Interest Payment Date or, if the next Interest Payment Date falls less than 21 days from the date of receipt by the Seller of written notice of the breach, then by the second Interest Payment Date following receipt of such notice by the Seller, in each case in accordance with the Mortgage Sale Agreement, will be limited to a repurchase by the Seller of the Loan(s) which are the subject of a breach of representation and/or warranty.

The Seller will be obliged to repurchase only those Loans (if any) in respect of which a representation and/or warranty given by the Seller pursuant to the Mortgage Sale Agreement was breached at the time such representation and/or warranty was made or deemed to be made. The Seller will not be obliged to repurchase a Loan(s) in any other circumstances.

### **Interest Rates under the Loans**

The terms and conditions pertaining to the Loans provide for the interest rate to be determined either:

1. on a pure variable basis by reference to any of:
  - (a) one-month EURIBOR for euro deposits plus a margin; or
  - (b) the variable base rate of Piraeus for housing loans granted for the purpose of purchase, repairing or building residential property (the **Piraeus Base Rate**) plus, if applicable, a margin; or
  - (c) the variable preferential rate established in June 2002 which is set by Piraeus by reference to one-month EURIBOR (the **Piraeus Preferential Rate**) plus, if applicable a margin; or
  - (d) the ECB rate plus margin; or
2. on a combined basis with either (a) (i) a fixed rate for a pre-determined period and then (ii) a floating rate set with reference to any of the Piraeus Base Rate, the Piraeus Preferential Rate or one-month EURIBOR for euro deposits plus, in each case if applicable, a margin or (b) (i) a preferential fixed rate for a pre-determined period and then (ii) a floating rate set with reference to one-month EURIBOR for euro deposits plus a margin; or
3. on a purely fixed rate until the maturity of the loan.

The Piraeus Base Rate is a variable rate dependent on a number of factors including the Greek banking market conditions, the competitive environment between mortgage lending banks in Greece and funding costs that Piraeus has in making loans. This rate was used for Mortgage loans prior to 2002. The Piraeus Base Rate is set by Piraeus by reference to one-month EURIBOR.

The Piraeus Preferential Rate is a variable rate dependent on a number of factors including the Greek banking market conditions, the competitive environment between mortgage lending banks in Greece and funding costs that Piraeus has in making loans. This rate was established in June 2002 and today is used in particular product types when a loan reverts from its introductory fixed period to floating. The Piraeus Preferential Rate is set by Piraeus by reference to one-month EURIBOR.

The interest rate basis of Loans with a pure variable basis may be changed in the future to either a fixed or a combined rate basis and the Servicer will be authorised by the Issuer to make such a change (subject to the definition of Rate Variation below and the Loan Warranties and Eligibility Criteria set out in the Mortgage Sale Agreement).

Following the occurrence of a Rate Event or the Servicer or any substitute or successor servicer being in default of any of its obligations under the Servicing Agreement, the Issuer and the Servicer under

the Servicing Agreement will not be allowed to reduce the interest rates of Loans which are calculated on a variable basis by reference to (i) the Piraeus Base Rate or (ii) on a combined basis in part by reference to the Piraeus Base Rate or (iii) to any other floating rate index determined or calculated from time to time by Piraeus Bank, below a rate equal to EURIBOR plus 1.25 per cent., provided that the weighted average interest rate of the variable rate Loans in the Portfolio is greater than or equal to the equivalent of EURIBOR plus 1.25 per cent. (the **Minimum Rate**).

Provided the Swap Provider continues to perform its obligations in respect of the Swap Agreement, the Issuer is expected to be able to meet its interest obligations in respect of the Notes. However, to the extent that there are Principal Losses and Loans in arrears, amounts payable by the Issuer to the Swap Provider and consequently by the Swap Provider to the Issuer will be reduced and accordingly the Issuer may have insufficient funds to enable it to make payment of interest on the Notes, notwithstanding the existence of the Swap Agreement.

### **Borrower Inability to Repay in Event of Interest Rate Fluctuation**

Borrowers of the floating rate and/or the fixed-to-floating rate Loans may become unable to repay the loans in the event of wide fluctuations in interest rates and 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, firstly, the Class B Notes and secondly the Class A Notes. In this situation, there may not be sufficient funds to redeem each class of the Notes on or prior to the Final Maturity Date. Interest rates cannot be predicted and are influenced by a wide variety of economic, social and other factors.

### **Termination payments on the Swap Agreement**

If a Swap Transaction under the Swap Agreement is terminated, the Issuer may be obliged to make a termination payment to the Swap Provider. The amount of the termination payment will be based on the then market value of the terminated Swap Transaction.

Except where the Swap Transaction has terminated as a result of the Swap Provider being in default or the Swap Provider failing to comply with the requirements following a Swap Provider Rating Downgrade, any termination payment due from the Issuer following termination of the Swap Transaction (including any extra costs incurred (for example, from entering into spot interest rate swaps) if the Issuer cannot immediately enter into a replacement swap agreement), will rank in priority to payments in respect of the Notes.

Therefore, if the Issuer is obliged to make a termination payment to the Swap Provider or pay any other additional amounts as a result of the termination of the Swap Transaction, this could reduce the Issuer's ability to service payments on the Notes.

In the event that a Swap Provider fails to perform its obligations under the Swap Agreement the ability of the Issuer to meet its obligations in respect of the Notes may be adversely affected. If the Swap Transaction is terminated by the Issuer, there can be no guarantee that the Issuer will be able to enter into a replacement transaction on the same terms as the Swap Transaction or at all.

### **Book-Entry Registration**

The Notes will be represented by Global Notes each in the form of a new global note which will be delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg, and will not be held by the beneficial owners or their nominees. The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and until Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or the Trustee as Noteholders, as that term is used in the Trust Deed. Until such time, beneficial owners will only be able to exercise their

rights in relation to the Notes indirectly, through Euroclear or Clearstream, Luxembourg (as the case may be) and their respective participating organisations, and will receive notices (which are always published in a leading daily newspaper with general circulation in Ireland, normally expected to be the Irish Times) and other information provided for under the terms and conditions of the Notes only if and to the extent provided by Euroclear or Clearstream, Luxembourg (as the case may be) and their respective participating organisations.

### **Optional Redemption**

Although the Issuer is entitled (as to which see Condition 6 (*Redemption*)) to redeem the Notes at its option in certain circumstances, including on any Interest Payment Date falling on or after the Step-Up Date, it is not obliged to do so. The ability of the Issuer to redeem the Notes in any of the circumstances in which it is entitled to do so will be dependent primarily upon its ability to sell or refinance the Portfolio for an amount sufficient to enable the Issuer to make payments of all sums due to the Noteholders upon any such redemption. Accordingly, if the Issuer is unable to raise sufficient redemption funds, whether by sale or refinance of the Portfolio or otherwise, the Issuer will not be able to exercise its right of optional early redemption of the Notes.

### **Limited liquidity**

There is currently no secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or that a market will develop for all classes or, if it does develop, that it will continue.

Lack of liquidity could result in a significant reduction in the market value of the Notes. In addition, the market value of the Notes at any time may be affected by many factors, including then prevailing interest rates and the then perceived riskiness of asset backed securities relative to other investments. Consequently, a sale of the Notes in any secondary market which may develop may be at a discount from par value or from their purchase price.

The global securitisation markets are currently experiencing severe disruptions worldwide resulting from reduced investor demand for asset-backed securities and increased investor yield requirements for those securities. There can be no assurance as to whether or when market conditions will improve. A prolonged reduction in demand for asset-backed, residential mortgage backed or other debt securities, alone or in combination with the continuing increase in prevailing market interest rates, may adversely affect the market value of the Notes and may adversely affect the ability of the Noteholders to sell the Notes.

### **Subordination of payments to Noteholders**

Investors should be aware that payments to Noteholders will be subject to the orders of priority as set out in *Summary - Application of funds* above.

### **Ratings of the Notes**

The ratings address the likelihood of timely payment of interest at the applicable rate of interest on each Interest Payment Date on the Class A Notes, the ultimate payment of interest at the applicable rate of interest on the Class B Notes and the ultimate payment of the Principal Amount Outstanding of the Notes at the Final Maturity Date. The ratings do not address the likelihood of the receipt of any Step-Up Amounts.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgement, circumstances (including a withdrawal or downgrading in the credit rating of the Swap Provider or the Issuer Account Bank) in the future so warrant.

## **Insurance**

Under the terms and conditions of the Loan Documentation, each Borrower is required to obtain and maintain fire and earthquake insurance, unless the property was built before 1st 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 earthquake. 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 insurance.

In addition, certain Borrowers are required to take out (where applicable) life and permanent disability insurance policies, with the Seller as the primary loss payee, to secure their obligations under the relevant Loan.

## **Implementation of Basel II risk-weighted asset framework may result in changes to the risk-weighting of the Notes**

Following the issue of proposals from the Basel Committee on Banking Supervision for reform of the 1988 Capital Accord, a framework has been developed which places enhanced emphasis on market discipline and sensitivity to risk. An updated version of the text of the proposed framework was published in November 2005 under the title "Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework" (the **Framework**).

The Framework is being implemented in stages (partly from year-end 2006 and the most advanced from year-end 2007). However, the Framework is not self-implementing and, accordingly, implementation dates in participating countries are dependent on the relevant national implementation process in those countries. In the United Kingdom, Basel II and the EU Capital Requirements Directive have been implemented through the Prudential Sourcebook for banks, building societies and investment firms and the Capital Requirements Regulation 2006 SI 2006/3221, although the most advanced approaches referred to above have only become available from 1 January 2008. In Greece the Basle II directives (2006/48/EC and 2006/49/EC) have been implemented by law 3601/2007 and secondary legislation pursuant to acts of the Bank of Greece.

As and when implemented, the Framework could affect risk weighting of the Notes for investors who are subject to capital adequacy requirements that follow the Framework. Consequently, investors should consult their own advisers as to the consequences to and effect on them of the application of the Framework and any relevant implementing measures. Proposals and guidelines for implementing the Framework in certain participating jurisdictions are still in development and no predictions can be made as to the precise effects of potential changes on any investor or otherwise.

## **EU Savings Directive on the Taxation of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries, and certain dependent or associated territories of certain Member States, have also agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by

a person in a Member State to, or collected by such a person for, an individual resident in one of those territories. See further the section entitled "*Taxation – United Kingdom Taxation*" below.

### **Consumer Protection Litigation**

Following the Athens Court Decision 5253/2003 in respect of a class action concerning mortgage loans originated by Emporiki Bank (the **Interim Class Action Decision**), certain provisions that mortgage lenders in Greece have included in their mortgage loans were held to be unenforceable on grounds of illegality or the provisions being contrary to good faith. Emporiki Bank brought an Appeal against the Interim Class Action Decision in the Supreme Court. The appeal was heard on 17 December 2004. The Greek Supreme Court issued its decision No. 430/2005, on March 4, 2005 (the **Final Class Action Decision**), which partially upheld the arguments of Emporiki Bank. The Supreme Court held among other things that in particular:

- The agreement for payment of the levy of law 128/75 by borrowers and not by the credit institution is legal and valid;
- Provisions on (a) prepayment penalties without fixed criteria linking the penalty to specific loss of the lender, in case of a partial or total pre-payment of a floating interest rate loan pre-payment penalties, and (b) interest calculation on the basis of a 360 day year basis, contained in the Emporiki Bank mortgage loan agreements breached consumer protection law provisions and as such were not legal and valid.

However, the Greek Supreme Court in plenary session in its decision No. 15/2007 (the **Second Supreme Court Decision**), issued on June 11, 2007, has held in litigation with an individual borrower (not a class action) that prepayment penalties in pre-agreed amounts (in that case 6 months interest on the amount prepaid) were valid in fixed interest loans. In connection with this decision it should be noted that, while in Greece (like in most continental European countries) court decisions even of the highest courts have no force of binding precedent, decisions of the Supreme Court in plenary session are considered as authorities of the highest value.

Further, following a class action in October 2006 by a local consumers' association concerning mortgage loans originated by the Seller (argued before the Athens Multi-membered Court of First Instance on 5 February 2007), certain provisions included in the mortgage loans by the mortgage lenders in Greece were held to be unenforceable by the Athens Multi-membered Court of First Instance under decision No. 711/2007, issued on June 19, 2007 (the **Second Class Action Interim Decision**) on the grounds of illegality and as being contrary to good faith. The Athens Multi-membered Court of First Instance held, among other things, that the provision in the loan agreements by virtue of which the entire loan is being drawn down and the unutilised portion of this loan is then deposited in a blocked savings account was invalid. This is because the Borrower suffers a loss as a result of the difference between the deposit interest rate it gets on the unutilised portion of the loan and the interest rate it has to pay on the entire loan taken. The opposing appeals of the Second Class Action Interim Decision (i.e. both the Seller's and the consumers' association's) were discussed on 06.03.08.

The Loan Documentation for each Loan contains certain provisions that may be considered to be invalid and unenforceable according to the Final Class Action Decision and the Second Class Action Interim Decision. However, the unenforceability of these provisions does not affect the enforceability of the Loans on their Related Security.

In particular, the Final Class Action Decision held the Additional Payments that are and were charged to borrowers are abusive and therefore illegal. It has to be taken into consideration that, in case of floating interest rate loans to be included in the Portfolio, the Seller has not charged and does not charge to its Borrowers any prepayment penalties, but only a fixed consideration of €100 reflecting the actual cost of examination and performance of prepayments application. As far as the fixed rate loans to be included in the Portfolio are concerned, in case of prepayment, the Borrowers have not

paid and do not pay any penalty, but only the same fixed consideration of €100, and any further actual cost of the Seller calculated on the basis of a specified arithmetic formula based on the interest rate differential between the interest rate in interbank market for fixed period during the disbursement of loan and the interest rate, for the remaining fixed rate period, for the placement at the time of the prepayment of the same amount in the interbank market.

Moreover, if the fixed interest rate is a “preferential” one (“preferential” is a fixed interest rate that the Seller provides today in particular product types for an initial period from 1 to 3 years. The preferential rate is lower than the “prevailing” fixed rate which the Seller would provide for loans with the same initial fixed rate period. After the initial period during which the preferential fixed rate applies, the loan reverts to a floating rate on the basis of one-month EURIBOR plus a spread), there is a further penalty if the Borrower makes partial or total prepayment during the first 10 or 15 years (respectively to the duration of the preferential fixed interest rate) from the disbursement. This penalty reflects the interest that the Borrower took advantage during the fixed rate period and is calculated based on the difference between the preferential interest rate and the “prevailing” fixed interest rate that the Seller would provide for loans with the same duration of initial fixed interest period. This difference is explicitly stated to the contract that the Borrower signs with the Seller.

Furthermore, interest calculation takes place on the basis of a fraction of "30 days per month/ 360 days", (i.e. actual year of 360 days) instead of the fraction "actual days per month/360 days". Consequently, the Borrowers are not charged with more interest days per year which is the reason why interest calculation on the basis of a 360 day year basis has been deemed to be illegal and not valid, under the Final Class Action Decision. Although that, as mentioned above, the most basic cases of Additional Payments seem not to have been charged by the Seller to its Borrowers, it has to be taken into account that, if any of such amounts are proved to have been charged, the Borrowers can claim them back from the Issuer. Furthermore, the Issuer would be liable to Borrowers should any Additional Payments continue to be charged after the Closing Date. Any such claim by a Borrower could reduce the Issuer's ability to make payments in respect of the Notes. See also *Investments Considerations – Set-off* below.

Finally, on the basis of the Second Class Action Interim Decision, which has not been declared to be provisionally enforceable (i.e. it cannot be enforced until the issue of the decision of the Court of Appeal on the opposing appeals filed by both litigants and discussed on 6 March 2008) the Borrowers and/or Guarantors may claim against the Issuer any interest differential lost by the Borrowers in the case of loans with partial or staggered drawdowns (for example where such a drawdown is used as a progress payment for a building under construction), where the entire loan amount was drawn down on the first day of the availability of the loan and the unutilized portion (which would be required to fund future progress payments) deposited in a blocked savings account, with (as a result) a loss for the Borrower of the difference between the loan rate of interest paid of the drawn down loan and the deposit rate which the Borrower received whilst the money is on deposit in the blocked account, which (interest) was charged to the Borrowers up until the earlier of the Closing Date and the date of full drawdown.

A successful litigant would also be entitled to interest on the Additional Payment at the default interest rate set by law from time to time (currently, and since 12 June 2007, 12.0 per cent per annum) for: (A) a period commencing on (in the case of Additional Payments arising as a result of prepayment penalties or excess interest arising from charging interest on the basis of a 365 day year and calculating it on the basis of a 360 day year or interest differentials in construction loans if the Court of Appeal confirms the content of Second Class Action Interim Decision) the later of (i) the date when the relevant Additional Payment was made and (ii) the date when the Final Class Action Decision was issued or the Second Class Action was served to the Seller (to the extent the Court of Appeal confirms the content of Second Class Action Interim Decision), as the case may be, and expiring on the earlier of (a) the Closing Date or, in respect of a Replacement Loan, the relevant Repurchase Date on which such Loan was sold and assigned to the Issuer and (b) five years: or (B) (in the case of Additional Payments arising as a result of commissions and other charges paid by the

Borrower in respect of an application for the making of a Loan) the shorter of the periods (i) commencing on the date when the relevant Additional Payment was made and expiring on the Closing Date and (ii) five years. A calculation of the exposure in respect of any Additional Payment takes this interest element into consideration.

### **Set-off**

In addition to Additional Payments, any Borrower or, as applicable, a Guarantor may also set-off an amount that is held as a deposit (a **Deposit Amount**) with the Seller up to the amount of such Deposit Amount on the Closing Date (or the date on which the Issuer purchases the relevant Loan, if later) against the Issuer's claim against such Borrower or Guarantor under the relevant Loan if the Seller fails to satisfy the Borrower's or Guarantor's claim in respect of the Deposit Amount. The Deposit Amount, in respect of both Borrowers and Guarantors, at the Closing Date shall be equal to the upper limit of the set-off amount in respect of the Deposit Amount. If a Borrower or Guarantor makes a withdrawal after the Closing Date, the amount that can be set-off against the Issuer will be reduced by the amount that is so withdrawn notwithstanding any subsequent deposit made by such Borrower or Guarantor. The amounts which can be set-off in respect of deposits will also be reduced to nil if the relevant deposit has been withdrawn and the deposit account closed. Finally, the amounts which can be set-off in respect of deposits, will also be reduced by the amount by which they exceed the Principal Outstanding Balance of the corresponding Loan and fully in respect of Retired Loans.

A Borrower or Guarantor may exercise his set-off rights against the Issuer's claims from the Loans after having calculated the exact amount of the Deposit Amounts or the Additional Payment which he is entitled to set-off. Set-off may be invoked by a written notification addressed to the Servicer or the Issuer, following which, if the Issuer agrees with the calculation made by the Borrower or Guarantor the respective amount will be offset against the subsequent due and payable instalments; if the Issuer has legal grounds to consider the set-off as unlawful (e.g. if a Borrower or Guarantor attempts to setoff moneys deposited with the Seller after the Closing Date) and, if, due to such set-off, the Borrower or Guarantor does not fulfil his obligations under the loan agreement, the Issuer will be entitled to contest the set-off and terminate the loan agreement. In this case the Borrower or Guarantor is entitled to either commence separate court procedures for the acknowledgment of his set-off right, or to wait until the Issuer has commenced enforcement proceedings and invoke set-off before the enforcement courts, which will then decide on the merits of such claim in the course of the overall enforcement procedure.

In order to mitigate the Issuer's risk to set-off in respect of Deposit Amounts and Additional Payments (each an **Exposure Amount**), the Seller will, under the terms of the Mortgage Sale Agreement, indemnify the Issuer in respect of any Exposure Amount set-off by a Borrower or Guarantor. In addition, the Seller will also make available to the Issuer a loan in respect of the Additional Payments (the **Set-Off (Additional Payments) Loan**) and a stand-by facility in respect of the Deposit Amounts (the **Set Off (Deposits) Facility**). The Set-Off (Additional Payments) Loan will be equal to the Additional Payments and the Set-Off (Deposits) Facility will have a facility limit (the **Set-Off (Deposits) Facility Limit**) equal to the aggregate of the Deposit Amounts of Borrowers on the Closing Date and thereafter in an amount equal to the Deposit Contributions (taking into account the Deposit Amounts of any Guarantors in respect of those Loans where the Servicer has claimed or is claiming any amount from a Guarantor).

The Set-Off (Additional Payments) Loan will fluctuate in accordance with the level of Additional Payments in respect of existing Loans and any Replacement Loans and any actual payments received by the Seller in respect of an indemnity for Additional Payments under the Mortgage Sale Agreement. The Set-Off (Additional Payments) Loan will also be reduced in certain circumstances if there is a relevant change in the law in Greece which would reduce the exposure of the Issuer to set-offs or claims for repayment of Additional Payments.

The Set-Off (Deposits) Facility Limit will decrease in an amount equal to a Matured Time Deposit Amount, a Closed Deposit Amount (as defined below) and generally by the amounts withdrawn by Borrowers or Guarantors (in respect of those Loans where any amount has been or is being claimed from a Guarantor) from their Deposit Accounts, as applicable after the Closing Date or, in the case of Guarantors in respect of those Loans where any amount has been or is being claimed from a Guarantor, by any further withdrawals made after the date on which any payment is first claimed from the relevant Guarantor.

As indicated above, if the Seller does not perform its obligations under the Set-Off (Deposits) Facility Agreement or its indemnity obligations under the Mortgage Sale Agreement in each case for a period in excess of five Athens Business Days, then the Pre-Enforcement Priority of Payments will provide that an amount equal to the Set-Off (Deposits) Facility Limit will begin to accumulate in the Set-Off (Deposits) Reserve Account in priority to any payments under the Subordinated Reserve Loan, the Set-Off (Additional Payments) Loan, the Set-Off (Deposits) Loan and the Deferred Consideration to the Seller.

Pursuant to law 2832/00 of the Hellenic Republic, the Hellenic Deposits Guarantee Fund (the **Fund**) has been established for the purpose of providing compensation for persons who have deposited funds in bank accounts with credit institutions in Greece. All credit institutions established in the Hellenic Republic are obliged to participate in the compensation scheme available by virtue of the Fund. Compensation is available from the Fund if a credit institution fails to pay an amount due to a depositor in respect of a deposit held with it as a result of its insolvency and its financial position being confirmed by the Bank of Greece or a court in Greece. Compensation is limited to a maximum of €20,000 per depositor. Accordingly, a Borrower or Guarantor can claim compensation from the Fund if the Seller fails to pay such Borrower or Guarantor amounts due in respect of that Borrower's or Guarantor's deposit held with the Seller. The right for compensation exists in parallel with any setoff right, meaning that the Borrower may opt either for compensation from the Fund or to exercise a right of set-off for the satisfaction of its claim, and to the extent that the claim remains outstanding after the exercise of one of these options, the Borrower or Guarantor may pursue the other option in order to satisfy the balance of the claim.

The Issuer would not be liable to make a payment in respect of any compensation amounts received by a Borrower or Guarantor from the Fund or to make any payments to a Borrower or Guarantors to the extent that their loss of any Deposit Amount exceeded the amount of their Loan.

No punitive damages will be imposed by a competent Greek court in respect of a claim for any of the above amounts detailed in the section "*Set-Off*". Also, from decisions of Greek lower courts of which this Issuer is aware to date, the majority of Greek lower courts have rejected claims raised by Borrowers and/or Guarantors regarding payment of moral damages. Lastly, a plaintiff may be able to also claim interest on any amount claimed as detailed in the section "*Set-Off*".

### **Subsidy Payments**

In the Hellenic Republic, subsidies are available to borrowers of residential mortgage loans in respect of interest payments under such loans. Subsidies are available from both the Greek State and also the Greek Workers Housing Association (the **OEK**). The availability and amount of subsidy is determined by reference to the financial and social circumstances of a borrower. As at the Cut-Off Date, approximately twelve per cent. of the Loans (by Principal Outstanding Balance) are Subsidised Loans and accordingly interest payments under such Loans are partially made by the Greek State and/or the OEK. Therefore, following the sale of the Loans, the Issuer will receive the subsidised component of interest due under the Loans from the OEK and the Greek State. The Servicer will notify the OEK and the Greek State of the subsidised interest amounts that are payable by them and will undertake to take action necessary to ensure that the OEK and the Greek State make payment of the subsidised interest amounts that are payable by them.

Although the Greek State or the OEK, as appropriate, is required to make the subsidised interest amounts, the relevant Borrowers also remain liable to pay the full amount of interest due under their Loans. However, if either the Greek State and/or the OEK fails to pay any subsidised interest amounts, then the Borrower (although liable for the full amount of the interest payment) may not be able to make all payments which are due under the relevant Loan. If the Borrower fails to pay the full amount under the Loan made to it, the Issuer may not be able to satisfy its obligations in respect of the Notes.

Both the OEK and the Greek State will pay subsidised interest amounts under the relevant Subsidised Loans, as notified by the Servicer in arrears up to three months and six months after the date of notification by the Servicer. 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 interest that is not subsidised is paid by the Borrower.

Although the Greek State and the OEK are bound to make payments of the subsidised amounts in respect of the Loans investors should note that enforcement of judgments against the Greek State or the OEK are subject to limitations.

If there is any change in Greek law or in administrative practice of the Greek State or the OEK affecting the timing and amount of subsidised interest amounts otherwise payable (but for that change) then this could adversely affect the ability of the Issuer to make payments in respect of the Notes.

### **Suspension of Enforcement Proceedings**

Enforcement proceedings are usually commenced against a Borrower in respect of a Loan once it becomes 150 Days in Arrears, at which point the Loan is terminated. An order for payment is obtained from the judge of the competent court of first instance (**Court of First Instance**) following service of the notice of termination of the Loan on the Borrower and non-payment of the Borrower. The order for payment and a demand to pay is served on the Borrower, activating in that way enforcement against the Borrower with the ultimate target to collect the proceeds from the auction of the relevant property securing the Loan. See for further details *The Mortgage 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 of 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 articles 632-633 of the Greek Civil Procedure Code (an **Article 632-633 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 an Article 632-633 Annulment Petition.

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 632-633 Annulment Petition.

The filing of an Article 632-633 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 approximately one to two months after the Article 632 Suspension Petition has been filed.

Following the issue of a decision in relation to the hearing of the Article 632 Suspension Petition (which itself can take up to two months to be issued), enforcement is suspended until the Court of First Instance has issued an official decision in respect of the Article 632-633 Annulment Petition. This can take up to approximately 20 months after the decision in respect of the Article 632 Suspension Petition. In some cases suspension of enforcement may be granted until the Court of Appeal reaches a final decision which means an additional pause of enforcement for another 12 months.

The procedure can take up to approximately four and a half years from the issue of a decision in relation to the Article 632 Suspension Petition if the Borrower requests adjournments of the hearings for the Article 632-633 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 (an **Article 933 Annulment Petition** ) pursuant to article 933 of the Greek Civil Procedure Code. Both Annulment Petitions may be filed either concurrently or consecutively, but it should be noted that the Article 632-633 and Article 933 Annulment Petitions may not be based on reasons pertaining to the validity of the order for payment, should the order for payment have become final as above mentioned. The time for the filing of such Annulment Petitions varies depending on the 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 this Article 938 Suspension Petition, which, in the normal case where the Borrower seeks the suspension of the auction, is heard 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 than the suspension under the Article 632 Suspension Petition, since the Court has to assess not only the likelihood that the corresponding Article 933 Annulment Petition would be proved successful, but also that there is a danger of irreversible damage to the Borrower, should the foreclosure continue.

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. 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 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 two and a half 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 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 1st and 31<sup>st</sup> August of each year, except for auctions, which cannot be conducted between 1st August and 15<sup>th</sup> September of each year.

## **Auction proceeds**

The proceeds of an auction following the enforcement against a property securing a Loan have to be allocated in accordance with articles 975 and 976 of the Greek Civil Procedure Code. These articles require the notary public which acted as the auction clerk to deduct the expenses (including legal, bailiff's and notarial fees) incurred in connection with the enforcement and to satisfy in priority claims against the relevant Borrower pursuant to employment relationships and contracts for legal and educational services arising in the previous two years, from the proceeds. 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;
- (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 sale of agricultural goods arising in the previous 24 months;
- (iv) claims of the Greek state and municipal authorities that have been assessed to be due and payable prior to the auction;
- (v) claims of social security funds arising prior to the day of the auction; and
- (vi) claims by the collective guarantees fund (if the borrower is or was an investment services company under the meaning of Greek law 2396/96) arising in the previous 24 months (this should not be relevant for any Borrower).

The remaining two-thirds of the proceeds is allocated, first, to secured creditors in order of class and date of creation of security and any subsequently remaining amounts are allocated to unsecured creditors. Accordingly, the Issuer as owner of a first (or in some cases, second) 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 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 affect the Issuer's ability to meet its obligations in respect of the Notes.

## **Greek Securitisation Law**

The Securitisation Law came into force in June, 2003. The transactions contemplated in this Prospectus are based, in part, on the provisions of the Securitisation Law. So far as the Issuer is aware, as at the date of this Prospectus there have been a number of other issues of securities based upon the Securitisation Law but there has been no judicial authority as to the interpretation of any of the provisions of the Securitisation Law. For further information on the Securitisation Law, see *Summary of the Greek Securitisation Law*. There are a number of aspects of Greek law which are referred to in this Prospectus with which potential Noteholders are likely to be unfamiliar. Particular attention should be paid to the sections of this Prospectus containing such references.

## **UK Taxation Position of the Issuer**

The Issuer has been advised that it will fall within the new UK securitisation company regime (as introduced by the Taxation of Securitisation Companies Regulations 2006 (the **Securitisation Regulations**)), and as such will be taxed only on the amount of its retained profit, for so long as it satisfies the conditions of the Securitisation Regulations. The Issuer will covenant in the Transaction Documents not to do anything (or permit anything to be done) which will result in the Issuer ceasing to satisfy the conditions to qualify as a securitisation company within the scope of the Securitisation Regulations.

## **Greek Taxation of the Issuer**

The structuring of the servicing arrangements between the Issuer and the Servicer is intended not to result in the Issuer having a permanent establishment in Greece for the purposes of Greek taxation law.

However, if the Issuer were deemed to have a permanent establishment in Greece, the Issuer would be taxed on its income generated in Greece as well as on its income generated in the UK, and may need to establish a branch or fulfil certain administrative requirements in Greece. If this were to occur, the Issuer would be liable for income tax (currently calculated at the rate of 25 per cent.) on its net profits generated in Greece. The net profits in such instance would be calculated at the discretion of the Greek tax authorities since the Issuer does not maintain tax records in Greece. If the Issuer were to maintain such records, the net profits would likely include the aggregate of the amount set out in item (vii) of the Pre-Enforcement Priority of Payments, the Set-Off (Additional Payments) Reserve Account (less an amount equal to the Set-Off (Additional Payments) Loan), the Set-Off (Deposits) Reserve Account (less an amount equal to the Set-Off (Deposits) Loan) and the Reserve Account (less an amount equal to the Subordinated Reserve Loan) held by it at the end of each fiscal year. The Issuer may also be liable to fines. However, this situation has not arisen before. Consequently, if this situation were to arise, the exact tax liabilities of the Issuer could not be predicted with certainty and may in fact be higher than as set out above.

## **Change of Law**

The structure of the issue of the Notes is based on English law and the law of the Hellenic Republic in effect as at the date of this document. No assurance can be given as to the impact on the interests of the Noteholders of any possible change to English law or the law of the Hellenic Republic (or the laws of any other jurisdiction) or change in administrative practice in the United Kingdom or the Hellenic Republic after the date of this document.

## **Small companies moratorium**

The Insolvency Act 2000 (the **Insolvency Act**) introduced significant changes to the UK insolvency regime including provisions which allow certain "small" companies to obtain protection from their creditors for a period of 28 days for the purposes of putting together a company voluntary arrangement with the option for the creditors to extend the protection period for a further two months.

During this period, no insolvency procedures may be commenced in relation to the company, any security created by the company over its property cannot be enforced and no other legal process can be taken in relation to the company except with the consent of the Court.

A company may continue to make payments in respect of its debts in existence before the beginning of the moratorium only if there are reasonable grounds for believing such payments will benefit the company and the payment is approved by either the moratorium committee of the creditors of the company or, if none, by a nominee of the company appointed under the provisions of the Insolvency Act 2000.

For the purposes of the Insolvency Act 2000, a "small company" is defined as one which satisfies two or more of the following criteria: (i) its turnover is not more than £5.6 million; (ii) its balance sheet total is not more than £2.8 million; and (iii) the number of its employees is not more than 50.

For as long as the turnover of the Issuer is greater than £5.6 million and its balance sheet total is greater than £2.8 million, the Issuer will not be regarded as a "small company" under the law as it currently stands. The Secretary of State for Trade and Industry may by regulation in the future modify the eligibility requirements for the applicability of the Insolvency Act 2000 and the definition of a "small company".

Whether or not the Issuer is a "small company" within the provisions of the Insolvency Act 2000 will be an accounting matter determined on a financial year by financial year basis for the Issuer.

Pursuant to Regulations made by the Secretary of State which came into force on 1 January 2003, companies which are party to an agreement which is or forms part of a capital market arrangement, under which a party incurs or when the agreement was entered into was expected to incur a debt of at least £10 million and which involves the issue of a capital market investment, are excluded from being eligible for the moratorium. The definitions of "capital market arrangement" and "capital market investment" are broad, such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, may be ineligible to seek the benefit of the small companies moratorium.

In addition, there is an exclusion from the moratorium provisions for any company which has incurred a liability (including a present, future or contingent liability) of at least £10 million. While the Issuer should fall within this exception, there is no guidance as to how the legislation will be interpreted and the Secretary of State for Trade and Industry may by regulation modify the exceptions. No assurance may be given that any modification of the eligibility requirements for "small companies" and/or the exceptions will not be detrimental to the interests of the Noteholders.

The moratorium provisions may serve to limit the Trustee's ability to enforce the security granted by the Issuer if, first, the Issuer falls within the eligibility criteria for a moratorium at the relevant time; secondly, if the directors of the Issuer seek a moratorium in advance of a company voluntary arrangement; and, thirdly, if the Issuer is considered not to fall within an exception: in those circumstances, the enforcement of the security by the Trustee may, for a period, be prohibited by the imposition of the moratorium.

Even if a moratorium could delay enforcement proceedings against the Issuer, this would be for a maximum period of only three months as described above (subject to the Secretary of State increasing, by order, the period for which a moratorium may be obtained). In addition, even if a protection period were granted in relation to it, it could obtain approval to continue to make payments in accordance with the Trust Deed and the Conditions.

### **Share of floating charge assets for unsecured creditors**

The Enterprise Act 2002, which received royal assent on 7 November 2002 and was brought into force on 15 September 2003 (the **Enterprise Act**), also inserted a new Section 176A into the Insolvency Act, which provides that where a company has gone into liquidation or administration, or where there is a provisional liquidator or receiver, a "prescribed part" of the company's net property is to be applied in satisfaction of unsecured debts in priority over floating charge holders.

By virtue of the relevant prescribing order, the ring fencing of the "prescribed part" applies to floating charges which are created on or after 15 September 2003. The amount available for unsecured creditors will depend upon the value of the chargor's "**net property**", being the amount of the chargor's property which would otherwise be available for satisfaction of the claims of floating charge holders or holders of a debenture secured by a floating charge. As at the date of this Prospectus, the "**prescribed part**" has been set as 50% of the first £10,000 of a company's net property and 20% of the net property that exceeds £10,000; provided that such amount may not exceed £600,000. Where the company's net property is less than a prescribed minimum of £10,000, the liquidator, administrator or receiver may disapply this rule without application to the Court in respect of a company if it thinks that the cost of making a distribution to unsecured creditors would outweigh the benefits. If the company's net property is more than the prescribed minimum, the liquidator, administrator or receiver may apply to the Court for an order that the rule may be disapplied on the same ground.

Accordingly, any floating charge realisations upon the enforcement of the Security will be reduced by the operation of the ring fencing provisions. A receiver appointed by the Trustee would also be

obliged to pay preferential creditors out of floating charge realisations in priority to payments to the Secured Creditors (including the Noteholders), respectively. Following the amendments to the Insolvency Act introduced by the Enterprise Act, the categories of preferential debts are certain amounts payable in respect of occupational pension schemes, employee remuneration and levies on coal and steel production. It should be noted, however, that pursuant to the covenants contained in the relevant Transaction Documents, the Issuer is not permitted to have any employees and its activities are otherwise restricted. Accordingly, if the Issuer complies with the covenants contained in the Transaction Documents it is unlikely that the Issuer will have any preferential creditors.

### **Appointment of administrative receiver in respect of Issuer**

As a result of the amendments made to the Insolvency Act by the Enterprise Act, the holder of a qualifying floating charge created on or after 15 September 2003 is prohibited from appointing an administrative receiver and, consequently, is unable to prevent the chargor entering into administration, unless the floating charge falls within one of the exceptions set out in sections 72A to 72GA of the Insolvency Act.

The Trustee will not be entitled to appoint an administrative receiver over the assets of the Issuer unless the floating charges in its favour fall within at least one of the exceptions.

The exceptions include a capital markets exception in respect of, in certain circumstances, the appointment of an administrative receiver pursuant to an agreement which is or forms part of a "**capital market arrangement**" (as defined in the Insolvency Act). This exception will apply if a party incurs or, when the agreement in question was entered into, was expected to incur a debt of at least £50 million and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act but, generally, a rated, traded or listed bond).

Although there is yet no case law on how this exception will be interpreted, the exception should be applicable to the transactions described in this Prospectus so far as it concerns the floating charge created by the Issuer under the Deed of Charge. However, the Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver and/or provide that the exception shall cease to have effect. No assurance can be made that any such modification or provisions in respect of the capital market exception will not be detrimental to the interests of the Noteholders.

### **Financial Collateral Arrangements (No. 2) Regulations**

The Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the **Regulations**) (which implement the Financial Collateral Directive (Directive 2002/47/EC)) sets out certain rules governing the provision of financial instruments and cash as collateral. The Regulations apply to financial collateral provided by way of an outright transfer and to security interests. The effect of the Regulations on the security interests to be created in connection with the transactions contemplated in this Prospectus may be to disapply key pieces of insolvency law such as the restrictions on the enforcement of security, which are contained in the Insolvency Act 1986 and which would otherwise apply to security taken over financial collateral.

Regulations are uncertain for a number of reasons, including whether the Regulations have interpreted Directive 2002/47/EC too widely and, in the absence of any case law on the Regulation or further guidance being given on its interpretation, the exact scope and effect of the Regulations is unclear

### **Changes to the Basel Capital Accord (Basel II)**

The Basel Committee on Banking Supervision (the **Basel Committee**) has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which, amongst other things, places enhanced emphasis on market discipline and unlike the 1988 Capital Accord deals specifically with the treatment of securitisation exposures. Following an extensive consultation period (including a

paper on securitisation), the Basel Committee published the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (**Basel II**). Basel II was implemented by the European Commission through the EU Capital Adequacy Directive (**CAD 3**).

Noteholders should consult their own advisers as to the consequences to and effect on them of the implementation of Basel II or CAD 3 to their holding of any class of Notes.

### **Greek insolvency proceedings**

The effect of Regulation 1346/2000 of the EU Council on Bankruptcy Proceedings is not yet clear since the legislation and its implementation across the various European Union member states is still relatively recent. It can not be excluded that Bankruptcy Proceedings may be commenced against the Issuer in Greece, in accordance with this Regulation. Although a receiver would be appointed over the Issuer in Greece, and the Servicer would cease to be capable of administering its operations in Greece, this would not affect the ability of the Trustee to receive its rights and claims secured by a pledge under Paragraph 18 of Article 10 of the Law, since in accordance with Greek Law the Trustee, as the pledgee under Paragraph 18 of Article 10 of the Law, would be entitled to receive any claims out of the Loans and Related Security in accordance with Article 1254 of Greek Civil Code.

### **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 the law in special cases). The establishment of a mortgage by notarial deed is quite costly and it is therefore not preferred among banks and borrowers.

Instead, in most cases, banks 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 point of view of enforceability, ranking of the security and preferred right to the proceeds of the auction, there is no difference between a holder of 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 usually deemed to be conclusively adjudicated 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 mortgage will be secured, but is only granted pursuant to a court decision.

The procedures adopted by lenders of housing loans in practice has led to an arrangement whereby pre-notations are granted "by consent": where both the lending bank and the borrower 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 certified the court decision and a summary thereof, the lawyer of the lending bank takes them to the Land Registry and to the Cadastre (where such cadastres are in operation), along with a written request for the issuance (by the Land Registry) of certificates confirming:

- (a) the ownership of the borrower on the mortgaged property;

- (b) the registration and class of the mortgage;
- (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 land registry and the competent Cadastre (if any) in order to confirm the uncontested ownership of the borrower 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 employee 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. 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 Land Registry and the competent Cadastre (if any) 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**

Once a loan agreement is in default and terminated, a letter is served on the borrower and on the guarantors, if any, informing them of this fact and requesting the persons indebted to pay all amounts due. Following notification and in the case of continued non-payment, a judge of the competent Court of First Instance 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 632-633 Annulment Petition before the Court of First Instance. At the same time, the borrower can file an Article 632 Suspension Petition for the suspension of the enforcement proceedings as a provisional measure. At the time of filing the Article 632 Suspension Petition, in most cases, immediate suspension is granted up until the hearing of the suspension petition. If the court decides that the arguments in the Article 632-633 Annulment Petition are correct and reasonable, the suspension of enforcement will be granted to the petitioner until the issue of the decision on the Article 632-633 Annulment Petition. If the judge decides that the Article 632-633 Annulment Petition has no grounds and rejects this, the suspension enforcement procedures can continue. If the borrower has not filed an Article 632-633 Annulment Petition and subsequent suspension in the first 15 working days, then the bank may again serve the order for payment whereby a second period of 10 working days is granted to the borrower to contest the procedure. Failure to contest the order for payment will result in the bank acquiring a final deed of enforcement and then the pre-notation is converted to a mortgage.

The Article 632-633 Annulment Petition will need to be heard within 12 to 14 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 Article 632-633 Annulment Petition, or the legal process before the Court of Appeal is continued by the bank until a final decision is reached regarding the contested order of payment. The defeated borrower may also continue the legal process but, in the experience of the Seller, 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 Court of First Instance.

The Borrower may also file with the relevant Court of First Instance an Article 933 Petition 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 Article 632-633 and Article 933 Annulment Petitions 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, should the order of payment have become final as mentioned above. The time for the filing of such Annulment Petitions varies depending on the action that is so contested. The filing of an Article 933 Annulment Petition entitles the Borrower to file an Article 938 Suspension Petition 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 this Article 938 Suspension Petition, which, in the normal case where the Borrower seeks the suspension of the auction, is heard 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 than the suspension under the Article 632 Suspension Petition, since the Court has to assess not only the likelihood that the corresponding Annulment Petition would prove successful, but also that there is a danger of irreversible damage to the Borrower, should the foreclosure continue.

The actual auction process is started with seizure of the property, which takes place three 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 from 12.00 hours to 14.00 hours) and place and the notary public who will act as the auction clerk. At this point all mortgagees (including those holding a pre-notation of mortgage) are informed of the upcoming auction.

The minimum auction price is determined within the statement of the bailiff 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 judge.

In the auction, the property is sold to the highest bidder who then has 15 days to pay. 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.

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 two and a half 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 guarantee securing repayment of the money in the event that such challenge is upheld.

Any claims arising from employment relationships and contracts for legal and educational services arising in the previous two years are ranked before any other creditor after deduction of the enforcement expenses. After deducting such claims, one-third of the remaining proceeds is allocated to claims of the public sector and other preferential claims listed in article 975 of the Greek Civil Procedure Code and two-thirds to the secured creditors i.e. mortgagees. Once the list of creditors is confirmed and adjudicated, the proceeds are distributed according to the ranking order.

**The Issuer believes that the risks described above are certain of the principal risks inherent in the transaction for Noteholders but the inability of the Issuer to pay interest or repay principal on the Notes may occur for other reasons and, accordingly, the Issuer does not represent that the above statements of the risks of holding the Notes are comprehensive. While the various**

**structural elements described in this Prospectus are intended to lessen some of these risks for Noteholders, there can be no assurance that these measures will be sufficient or effective to ensure payment to the Noteholders of interest or principal on such Notes on a timely basis or at all.**

## USE OF PROCEEDS

The aggregate net and gross proceeds of the issue of the Notes will amount to €800,000,000 and will be applied towards the Seller as part of the initial purchase price for the acquisition of the Initial Portfolio (the **Initial Purchase Price**).

The proceeds of the Subordinated Reserve Loan will amount to €21,250,000 and will be used by the Issuer to fund the Reserve Account.

The proceeds of the Set-Off (Additional Payments) Loan will amount to approximately €1,824,463.48 and will be used to fund the Set-Off (Additional Payments) Reserve Account.

## THE ISSUER

### Introduction

The Issuer was incorporated in England and Wales on 29 January 2008 (registered number 06487500) as a public limited company under the name of Estia Mortgage Finance III Plc. The registered office of the Issuer is at c/o Wilmington Trust SP Services (London) Limited, Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HQ and its telephone number is 0207 614 1111. The Issuer has no subsidiaries or affiliates. The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities.

### Principal Activities

The principal objects of the Issuer are set out in Clause 4 of its Memorandum of Association. The principal activities of the Issuer will be to acquire the Portfolio, to issue securities, to enter into financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes and to lend money with or without security subject to and in accordance with the terms of the Transaction Documents. Copies of the Memorandum and Articles of Association of the Issuer may be inspected at the specified offices of the Issuer and the Paying Agent.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company, the authorisation and issue of the Notes and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing. In addition, no accounts have been made up by the Issuer as at the date of this Prospectus.

There is no intention to accumulate surpluses in the Issuer.

The Issuer will covenant to observe certain restrictions on its activities which are detailed in Condition 4 (*Covenants*).

### Directors and Secretary

The directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address	Other Principal Activities
Mark Howard Filer	Wilmington Trust SP Services (London) Limited Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HQ	Company Director
Sunil Masson	Wilmington Trust SP Services (London) Limited Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HQ	Company Director
Wilmington Trust SP Services (London) Limited	Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HQ	

The secretary of the Issuer is Wilmington Trust SP Services (London) Limited.

One director of the Issuer is also a director of the Corporate Services Provider.

## **Capital and Shares**

The authorised share capital of the Issuer is £50,000 divided into 50,000 ordinary shares of £1 each. There are no warrants or convertible notes in issue or outstanding.

The Issuer has issued 50,000 ordinary shares with a nominal value of £1 each, 2 of which are fully paid and 49,998 of which are partly paid up. The issued shares are all held by Wilmington Trust SP Services (London) Limited which holds the entire authorised and issued share capital on trust for certain charitable purposes in its capacity as share trustee (**Share Trustee**). The paid up share capital of the Issuer is £12,501.50.

## **Employees**

The Issuer has no employees. The directors are employees of the Corporate Services Provider. The Secretary of the Issuer is the Corporate Services Provider with offices at the same address as the Corporate Services Provider.

## **Corporate Services**

The Issuer will appoint the Corporate Services Provider to provide corporate secretarial and administrative services pursuant to a corporate administration agreement dated the Closing Date between the Issuer, the Corporate Services Provider and the Trustee. The register of members is maintained by the Corporate Services Provider at its office.

## **Indebtedness**

The Issuer has no indebtedness as at the date of this Prospectus other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

## **Material Contracts**

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts other than in the ordinary course of its business.

## **No Material Adverse Change**

Since the date of the Issuer's incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of the Issuer.

## **Financial Information**

From the date of incorporation to the date of this Prospectus the Issuer has not commenced operations and at the date of this Prospectus, no financial statements of the Issuer have been prepared. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December. The Issuer will not prepare interim financial statements.

The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation and thereafter the gap between its annual general meetings must not exceed 15 months.

## THE SWAP PROVIDER

UBS AG, London branch, is the London branch of UBS AG, a company incorporated with limited liability in Switzerland on February 28 1978 registered at the Commercial Registry Office of the Canton of Zurich and the Commercial Registry Office of the Canton of Basel-City with Identification No: CH-270.3.004.646-4 having its registered offices at Bahnhofstrasse 45, 8001 Zurich and Aeschenvorstadt 1, 4051 Basel, Switzerland.

With headquarters in Zurich and Basel, Switzerland, UBS AG operates in over 50 countries and from all major international centres. As of December 31 2007, UBS AG had total invested assets of CHF 3,189 billion, a market capitalisation of CHF 108.6 billion and employed approximately 83,500 people. As at the date of this prospectus, UBS AG has a long-term debt credit rating of "Aa1" from Moody's, "AA-" from S&P and "AA-" from Fitch.

UBS AG is publicly owned, and its shares are listed on the SWS Swiss Exchange, New York and Tokyo Stock Exchange. UBS AG is subject to the informational requirements of the Exchange Act, and, in accordance therewith, files reports and other information with the Commission. The reports and other information filed by UBS AG with the Commission may be inspected (and copied at prescribed rates) at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. UBS AG's Common Stock is listed on the NYSE under the symbol "UBS." Reports and other information filed may be inspected at the offices of NYSE at 20 Broad Street, New York, New York 10005 and can also be reviewed by accessing the Commission's Internet site at <http://www.sec.gov>.

The information contained herein with respect to UBS AG, London branch relates to and has been obtained from it. The delivery of this prospectus shall not create any implication that there has been no change in the affairs UBSL, UBS AG or UBS AG, London branch since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

The information contained in preceding paragraphs has been provided by UBS AG, London branch for use in this prospectus. Except for the foregoing paragraphs, UBS AG, London branch and its respective affiliates have not been involved in the preparation of, and do not accept responsibility for, this prospectus as a whole.

**THE ISSUER ACCOUNT BANK**

**CITIBANK, N.A., LONDON BRANCH**

Citibank, N.A. is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number BR001018.

## THE SELLER

### PIRAEUS BANK S.A.

#### A. BUSINESS OF PIRAEUS BANK S.A. AND THE PIRAEUS GROUP

##### Overview of Piraeus Bank S.A.

Founded in 1916, Piraeus was initially headquartered in the city of Piraeus, port of Athens. Piraeus was nationalised in 1975 and reverted to private ownership in 1991. Today, Piraeus is the flagship company of the Piraeus Group of companies and the direct parent of the majority of the subsidiaries comprising the Piraeus Group.

Piraeus is a public bank under Greek Law and has been listed on the Athens Exchange (**ATHEX**) since 1918. Piraeus is subject to regulation and supervision by the Bank of Greece as well as the Hellenic Capital Market Commission. Piraeus's registered office is at 4 Amerikis Str, 105 64 Athens, Greece.

Both Piraeus and the Piraeus Group, as a whole, have developed rapidly over the last few 16 years, through organic growth and acquisitions, and the Piraeus Group is now the fourth largest banking group in Greece. At 31<sup>st</sup> December 2007 the Piraeus Group's assets totalled €46.4 billion with 14.2 per cent market share in terms of loans among all commercial banks in Greece. The Piraeus Group contains a number of companies covering a wide spectrum of retail and commercial banking services in the Greek market, including small and medium-sized enterprises, corporate and investment banking, shipping, mutual funds management, equity brokerage, leasing, financial consulting and bancassurance. These services are offered through Piraeus' branch network and its subsidiaries, and through the electronic banking network of Winbank.

In addition to organic growth, the Piraeus Bank Group has made a series of strategic acquisitions with the goal of establishing a strong presence in the dynamically developing Greek banking market. Piraeus acquired and absorbed the Greek operations of Chase Manhattan Bank, Credit Lyonnais Hellas and National Westminster Bank in 1997, 1998 and 1999, respectively. In June 2000, through an exchange of shares, Piraeus merged with two of its banking subsidiaries, Macedonia-Thrace Bank and Chios Bank, in which it had held controlling interests since April 1998 and February 1999, respectively. In early 2002, Piraeus acquired the Hellenic Industrial Development Bank (**ETBA Bank**), thus enhancing the Group's capital base and increasing its market share in banking activities, leasing and asset management. ETBA Bank was absorbed by Piraeus in December 2003. In 2004, the acquisition of Interbank New York and its absorption by Marathon Bank took place. In December 2004, the merger with Devletoglou Securities formed Piraeus Sigma-Devletoglou Securities SA (renamed Piraeus Securities SA). In 2005, Bulgarian Eurobank (renamed Piraeus Bank Bulgaria AD), Serbian Atlas Bank (renamed Piraeus Bank Beograd) and Egyptian Commercial Bank (renamed Piraeus Bank Egypt SAE) were incorporated into Piraeus Bank Group. In the same year, the merger by absorption of Hellenic Investment Company was also completed. Finally, in September 2007, Piraeus Bank completed the acquisition of the 99.6% of the share capital of the Ukrainian Bank 'International Commerce Bank', while at the end of the year acquired the Cypriot branch network of Arab Bank.

At 31<sup>st</sup> December 2007 Piraeus Bank Group had a network of 744 branches (of which 424 were abroad) and 1,060 ATMs (622 on-site and 438 off-site) in Greece and employed 12,357 people (4,901 of whom were employed by the Bank).

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 S.A. and its subsidiaries. Piraeus Bank S.A. is not dependent upon any other entities within the Group. The following diagram summarises the divisional structure of the principal subsidiaries of the Piraeus Bank Group as at 31<sup>st</sup> December, 2007.

**Piraeus  
Bank  
Group**

<b>Commercial Banking</b>	<b>Investment Banking</b>	<b>Asset Management</b>	<b>Bancassurance</b>	<b>Non-Financial Companies</b>
Tirana Bank I.B.C (90.7%)	Piraeus Securities (100%)	Piraeus Asset Management (100%)	Piraeus Insurance and Reinsurance Brokerage (100%)	Piraeus Direct Services (100%)
Marathon Banking Corporation (86.64%)	Euroinvestment & Finance Public LTD (90.67%)	Piraeus Asset Management Europe (100%)	Piraeus Insurance – Reinsurance Broker Romania (100%)	Piraeus Cards (100%) Exodus (50.1%)
Piraeus Bank Romania (100%)	SSIE Piraeus Securities Romania S.A. (99.33%)	Piraeus Group Capital (100%)	Piraeus Insurance Brokerage EOOD (99.98%)	Picar (100%)
Piraeus Leasing Romania (100%)		Piraeus Group Finance (100%)		Piraeus Real Estate Investment Property (100%)
Piraeus Leasing (87.55%)		Piraeus Egypt Asset Management (85.71%)		ETBA Industrial Estates (65.0%)
Piraeus Best Leasing (42.10%)				Piraeus Real Estate Consultants S.R.L (100%)
Piraeus Multifin (100%)				
Piraeus Factoring (100%)				
Multicollection (51.0%)				
Piraeus Bank Beograd (100%)				
Piraeus Bank Bulgaria (99.98%)				
Piraeus Bank Egypt (95.36%)				
Tirana Leasing (100%)				
Piraeus Leasing Bulgaria (100%)				

Auto Leasing  
Bulgaria (100%)

Piraeus Egypt  
Leasing (95.3%)

International  
Commerce Bank  
Ukraine 99.95%

In September 2007, Piraeus Bank completed the 1.35bn Share Capital increase by cash contribution, enhancing significantly its capital base, so as to continue the growth of its operations and volumes, both in the domestic and international markets.

As of 31st December 2007, Piraeus Bank's share capital consists of 339,198,587 common registered shares listed on the Athens Exchange and the total number of shareholders stood at 145,424. No individual shareholder owns an interest in excess of 5.0 per cent. No shareholder has a controlling interest in Piraeus Bank.

<b>Ownership (%)</b>	<b>Shareholder Identity</b>
41.8%	Foreign institutional investors
10.9%	Greek institutional investors
9.0%	Corporates
3.3%	Treasury Stock
2.5%	Greek State (ex-ETBA Bank's shareholder)
32.5%	Individual Shareholders

### **Description of the Business of the Piraeus Group**

The Piraeus Group, either through Piraeus or its subsidiaries, provides a wide variety of banking products and services to retail customers and corporate clients. The Piraeus Group is active in retail banking, corporate banking, shipping, investment banking, e-banking, and provides services in equity brokerage, asset management and bancassurance.

#### **(a) Retail Banking and Branch Network**

Retail banking is mainly conducted through Piraeus's branch network in Greece and abroad. Piraeus offers a variety of products in retail banking and is focused on developing specialised products for the Greek market. Facilitated by Piraeus's branch network and alternative distribution channels, mortgage and consumer credit totals have grown significantly over the last few years and are expected to continue, particularly as the loan market itself has significant room for development.

#### **(i) Personal Deposit Products**

Piraeus offers a wide range of depositary and investment products suited for individual clients, in all major foreign currencies. Total deposits have been increasing, supported by the expanding branch network.

(ii) Personal Investment and Mutual Funds

Investment opportunities in mutual funds are provided by Piraeus Asset Management S.A (Greece) and Piraeus Asset Management Europe S.A.

(iii) Consumer Credit

Consumer Credit accounts for 14,1 per cent of the Piraeus Group's total loan advances as at 31<sup>st</sup> December 2007. The December 2007 domestic market share for the Piraeus Group reached 10.0 per cent (5th overall) in the consumer credit segment.

In addition, Piraeus offers customised interest-rate products off its individualised consumer loan platform. With respect to credit card issuance, holders of Visa, MasterCard, and co-branded credit cards amounted to 356,000 generating €745 million in turnover. The total number of debit cards rose to more than 993,000 as at 31st December, 2007, and the market is expected to grow as spending habits converge with the European average. The Bank is active in consumer vehicle financing via Piraeus Multifin S.A., granting financing for new and used vehicles at either the purchase (stock finance) or sale stages. Piraeus Multifin works with more than 450 car dealerships, including select central dealers.

(iv) Other Retail Banking Services

(A) Bancassurance

In the framework of the new Bancassurance Agreement (October 2007) between ING Group & Piraeus Bank, for a ten-year period co-operation, the latter has transferred to ING its stake in their joint venture capital (ING Piraeus Life Insurance SA). The new distribution partnership will cover exclusive distribution of ING life, employee benefits and pension insurance products through the Piraeus Bank network in Greece and, respectively, the promotion of Piraeus Bank retail banking products from ING agent network in Greece.

(B) e-banking - Winbank

Electronic banking was enhanced via the expansion of the ATM network to 1,060 terminals (622 on-site and 438 off-site) and the introduction of internet banking services through Winbank. Winbank, which handles a significant volume of tax and payment orders, recently received the ISO 9001: 2000 Certification - the first electronic financial services unit so certified in Greece. This e-banking unit had more than 220,000 unique customers at 31st December 2007.

The Piraeus Group is continually developing its electronic banking capacity to complement traditional distribution networks. In 2007 and for a seventh consecutive year, winbank maintained its top position in the market. In particular, its internet and mobile banking services were ranked first in benchmark tests carried by the Greek high-tech magazines PC Magazine ("Editor's Choice") and PC World ("Perfect Service"), as well as by the international magazine Global Finance ("The Best e-Banking Service for Enterprises in Greece"); winbank services also received the "Top Performance" award by the Greek RAM magazine.

(b) Corporate Banking

The Piraeus Group offers financing services to businesses that operate in all sectors of the economy through its: corporate banking division, shipping banking division, branch network, subsidiary banks and subsidiary leasing and factoring companies.

Piraeus provides a wide range of modern bank services and products, including syndicated loans and bond issues to medium-large corporations. Piraeus manages its larger corporate relationships, including Greece's biggest corporate names, centrally, through the Corporate Banking Division. The needs of SMEs are met through the branch network, where specialised products are offered, as well as loans targeted to specific market segments. The product range encompasses all types of working capital, trade finance, fixed assets & equipment and mortgages, leasing, factoring, documentary, letters of guarantee, foreign exchange, capital markets and advisory services.

Piraeus has also established a specialised shipping centre providing the full range of banking products and services needed by shipping companies.

(c) Investment Banking

Piraeus has a significant presence in the developing capital markets of Greece and has acquired a large share in the securities underwriting market. The Piraeus Group is one of the leading IPO advisory institutions and among the major underwriters in the Greek market. The Piraeus Group has also developed in the areas of syndicated loans arrangement, bond issuance, and offers consulting services for capital restructuring, company valuation, mergers and acquisitions and special financing for corporate clients. The Piraeus Group additionally provides stock brokerage and custodian services.

(d) Other activities

Other activities of the Piraeus Group pertain to the real estate sector and information technology sectors, with the aim of exploiting investment opportunities and synergies on the real estate market, as well as implementing new technologies in the banking sector as they play an increasingly crucial role.

## **B. MORTGAGE BUSINESS OF PIRAEUS BANK**

In 1991 the Greek government deregulated the residential mortgage market to allow commercial banks to enter the market on the same basis as the state-owned mortgage lenders. The residential mortgage lending business of Piraeus has grown significantly since 2000, primarily due to the acquisitions of Macedonia – Thrace Bank and Chios Bank (as noted above).

As of 31<sup>st</sup> December 2007 the Piraeus loan portfolio consisted of 18.7% per cent mortgage loans with an outstanding principal balance of €5.743 million. As at such date Piraeus had a 8.7per cent share of the Greek mortgage market.

### **Origination**

Loan applications are received by the Seller through Piraeus' network of 320 bank branches located throughout Greece (December 2007).

### **Mortgage Products**

Piraeus offers a wide range of mortgage loan products. The basic products fall into two groups: a range of pure floating rates, and a range of fixed rates or preferential fixed rates converting into

floating rates. Moreover, there are few products that have a fixed interest rate until the maturity of the loan. The pure floating rates may be set according to either the Piraeus Base Rate or one-month EURIBOR, or the Piraeus Preferential Rate, or ECB rate (in each case plus a margin, as applicable), while the fixed rates are offered for periods of one, two, three, five seven, ten, fifteen or twenty years before refixing to the Piraeus Base Rate or the Piraeus Preferential Rate or one-month EURIBOR (in each case plus a margin, as applicable). The preferential fixed rates products are offered for periods of one, two or three years before refixing to one-month EURIBOR plus a margin. The Piraeus Base Rate is itself set by reference to one-month EURIBOR. Almost all mortgages are annuity type loans with instalment and rate resetting frequency on a one, two or six monthly basis.

The underwriting process is handled centrally through Piraeus's credit approval and underwriting division in order to ensure uniformity in Piraeus's underwriting policy.

Piraeus's credit approval and underwriting division will carry out checks on the borrower and the relevant property with respect to, *inter alia*:

- age of the borrower or guarantor;
- debt to income;
- credit history on other products with the Seller and other banks through Teiresias;
- LTV;
- check of the central credit performance database (Teiresias) for adverse history;
- loan term;
- length of time in employment;
- purpose of loan;
- additional collateral;
- property type; and
- residency.

The amount of the loan to be advanced to the borrower will additionally depend on the application of the Lending Criteria. Further details are described in the section entitled "Lending Criteria".

Valuations are carried out on all properties prior to the advancement of funds to the borrower. The valuations are conducted either through appraisers approved by the Seller or by one of approximately 200 outsourced professionals working throughout Greece. A commissioned appraiser must have a higher education degree in Civil Engineering. Commissioned appraisers are additionally provided with a detailed training manual setting out, amongst other things, the valuation techniques to be applied. Each commissioned appraiser is reimbursed a fixed amount per valuation report irrespective of the size of the loan or value of the property.

Piraeus uses two approaches to estimate the value of a property: the Cost Approach and the Sales Comparison (Market Value) Approach.

The Cost Approach assesses the value of a property based on the construction cost for rebuilding the property. Piraeus uses this value for the insurance policy on the property.

The Sales Comparison (Market Value) Approach estimates the value of the property by comparing the relevant property with similar properties sold recently in the relevant area. Piraeus uses the market value in order to determine the LTV of loan. The appraiser includes both approaches in the valuation report.

With respect to those properties under construction, valuations will be conducted at various stages of the construction. The release of additional funds to the Borrower under the loan will be conditional on such valuations. A valuation in respect of such property will be based on the Sales Comparison Approach, estimating the market value of the property at the estimated time of completion and the release of additional funds on the then current market value of the property at the date of such valuations.

Legal due diligence includes an inspection in the Public Books of the Registry of Transcription and the archives of the Register of Mortgages and the Register of Revendications (both kept at the Mortgage Office of the district where the property is situated) to confirm the ownership and the non-existence of any encumbrances or legal actions that are pending in relation to the property in question. If the lawyers confirm the legal good standing of the property, a pre-notation is obtained. All appropriate building licences, certificates and plans are obtained and checked, and finally a number of certificates relating to the pre-notation are obtained from the Registry of Transcription.

### **Insurance**

In relation to property insurance, fire and earthquake insurance is obligatory and is based generally on the value (using the Cost Approach) of the property estimated in the appraiser's report. Properties constructed before the year 1960 are insured only for fire. The sum insured is based upon the outstanding principal balance of the Loan (if the Loan was originated prior to 1st January 2002) or the reinstatement cost of the property at the appraisal date (if the Loan was originated on or after 1<sup>st</sup> January 2002) or the initial principal balance of the Loan (if the Loan is subsidised by the Greek Workers Housing Association, a state entity established pursuant to legislative decree 2963/1954, as in force (the **OEK**)).

In addition all Borrowers, and Guarantors (if any) must obtain life and permanent disability insurance although such requirement may be waived by Piraeus if it is not available to the particular Borrower and/or Guarantors as is customary in the Greece mortgage market. The sum insured will be an amount equal to the principal outstanding balance of the relevant Loan.

### **Mortgage Administration**

All mortgages are administered and serviced by Piraeus on a centralised basis. The Collections Department of the Mortgage Lending Unit is responsible for collecting and administering loans which are current or in arrears, but not in a defaulted status.

Payments of mortgage instalments and insurance premia are due on a monthly basis. All borrowers have an account with the servicer, into which funds are deposited ready to be debited by the Bank. For overdue instalments, the Collections Department follows a strict procedure depending on the number of days in arrears. No later than eleven (11) days after the first missed instalment the borrower is called and urged to pay. Further calls and a reminder letter(s) are made with increasing urgency and frequency until the amount overdue is either repaid or the loan reaches seven instalments overdue, at which point a decision is made whether to commence foreclosure procedures. When a loan is one hundred and twenty (120) days or more past due, a written payment arrangement policy is carried out with the borrower by specialised credit officers. Such policy will impose strict time limits and payment constraints to arrange payment of the outstanding amounts. Foreclosure proceedings normally commence after the sixth month in arrears.

## LENDING CRITERIA

The Seller tests mortgage loan applications against certain basic lending indices (the **Lending Criteria**), the principal features of which are set out below.

The principal Lending Criteria are:

(a) *Security*

- (i) A loan must be secured by a first ranking pre-notation over a property in Greece. A lower ranking pre-notation may also be allowed, provided that the Seller additionally benefits from a first ranking pre-notation over the same property. In some cases, a lower ranking pre-notation may also be allowed where the Seller does not also benefit from a first ranking pre-notation over the same property, provided that there are no actual outstanding claims in excess of €1,500 capable of being made by the holder of any prior ranking pre-notation.

All loans in the Provisional Portfolio are secured by a first ranking pre-notation over a property in Greece, but, in some cases, a pre-notation obtained by the Seller over a particular property may rank lower than a pre-notation or mortgage registered earlier over the same property, in favour of a third party creditor or the Seller itself. In these circumstances, the Seller's claims (and in respect of loans in the Provisional Portfolio, the Issuer's claims following the transfer of these loans to the Issuer) to the proceeds of enforcement would rank behind those of the earlier creditor. However, the Seller has determined, based on appropriate legal checks and due diligence that there are no actual outstanding claims capable of being made by each one of such third party creditors amounting to more than €1,500 for each such Loan. Additionally, where the Seller has a prior ranking mortgage or pre-notation, the loan in respect of which the first ranking mortgage or pre-notation was granted must have been transferred to the Issuer together with the Loan, pursuant to the Mortgage Sale Agreement.

- (ii) In addition to the pre-notations over the properties, the Seller may have the benefit of additional security. The Seller attributes different weightings to the security with respect to the amount of money advanced under a loan.

The weightings attached to the collateral are set out in the table below.

<b>Product</b>	<b>Weight (% of Loan Amount)</b>
Savings Account	105%
Repos/Bonds	105%
Mutual Funds	105% – 200%
Athens Stock Exchange FTSE 20 stocks	200%

**However, all Loans contained in the Portfolio will be secured solely by a Pre-Notation over the relevant Property or Properties.**

- (iii) Each borrower must take out and maintain fire and earthquake insurance in an amount sufficient to recover (in respect of those loans originated prior to 1st January 2002) the outstanding principal balance of the relevant loan, (in respect of those loans originated on or after 1st January 2002) the reinstatement value of the property and (in respect of OEK Subsidised Loans, the initial principal balance of that Loan) save where the relevant property was constructed prior to 1st January 1960, where only fire insurance is available. Additionally, each Borrower and Guarantor must take out

and maintain (where applicable) life and permanent disability insurance in an amount equal to the outstanding principal balance of the relevant Loan. The Seller is in each case the primary beneficiary of such insurance policies.

(b) *Loan-to-Value Ratio (LTV)*

The LTV of each loan, calculated by dividing (x) the total principal amount advanced under such loan, taken together with all loans secured on the same property, by (y) the sum of the market values of all properties securing such loan(s), does not generally exceed 90 per cent. Since January 2004, on an exceptional basis, a maximum LTV of 100 per cent. could be acceptable in relation to the purchase of a completed residence. However the Portfolio will, in accordance with the Eligibility Criteria, consist solely of Loans with a maximum LTV of 100 per cent.

(c) *Debt Service-to-Income Ratio (DTI Ratio)*

The DTI Ratio, calculated by dividing (x) the total monthly obligations payable by the borrower on such loan, any other loans provided by the Seller and any other loans recorded on the Teiresias credit bureau, by (y) the borrower's gross monthly income before tax and after deduction of social security contributions, must under no circumstances exceed either (as the case may be) (i) 40 per cent. in respect of loans provided on or after 1 January 2006; or (ii) 45 per cent. in respect of loans provided on or prior to 31 December 2005. The 40% ratio has been imposed by Bank of Greece Circular No. 1635/21.10.2005. The income of co-Borrowers or guarantors may be included in the determination of gross monthly income.

For some self-employed professionals, the Seller may increase the income shown in their tax return, depending on:

- the existing relationship with the borrower;
- the qualitative information provided by the borrower's branch manager;
- the type of borrower's profession;
- the reputation and years in his profession; and
- any other existing unencumbered assets like cash or real estate.

A minimum of a borrower's last year's tax return and, in the case of employees, the last three salary slips are required. For self employed borrowers, the borrower's last year's tax return will be sufficient.

(d) *Minimum and maximum loan amount*

Although there is no upper limit, the majority of loans are of a value of less than €1,000,000.

(e) *Term*

The initial term of a loan cannot exceed 40 years.

(f) *Borrowers*

A borrower must be at least 18 years of age and the sum of the borrower's age and loan term must not exceed 75 years.

(g) *Property characteristics*

A loan may only be granted for the following purposes:

- acquisition of residential property in Greece;
- construction of residential property in Greece;
- improvement of residential property in Greece; or
- refinancing of a mortgage loan granted by another credit institution or the Seller for one of the above purposes.

(h) *Preferential Rate Loans*

The Loan originating and underwriting process is the same for Preferential Rate Loans as described above, except for the DTI ratio. Instalments are calculated based on the interest rate and spread of the floating rate period (assuming a "worst case scenario"). The minimum spread during the floating rate period of preferential products is one per cent..

(i) *Subsidised loans*

For a borrower who has applied for a subsidy from the Greek State and/or the OEK, verification needs to be carried out to ensure that the appropriate procedures are followed and that the requirements set by the Greek State and the OEK are met.

## DESCRIPTION OF THE PROVISIONAL MORTGAGE PORTFOLIO

### The Loans

#### *The Portfolio*

On the Closing Date, the Issuer will purchase the Initial Portfolio from the Seller pursuant to the terms of the Mortgage Sale Agreement and the Greek Assignment Agreement. The Initial Portfolio will be selected (in accordance with the criteria summarised below) from the Provisional Portfolio which will substantially comprise a pool of loans owned by the Seller which have the characteristics indicated in Tables A to V below as at the Cut-Off Date.

The Initial Portfolio will be selected so that each Loan in it complies with the Eligibility Criteria.

The Loans comprised in the Initial Portfolio will be amortising loans with instalments of both principal and interest due every month.

**The Issuer has not made or caused to be made on its behalf all of the enquiries, searches or investigations which a prudent purchaser of the relevant assets would make and the Trustee has made no such enquiries, searches or investigations and will not be liable for failing to do so but each of them will rely on the representations and warranties to be made by the Seller to be contained in the Mortgage Sale Agreement.**

### Characteristics of the Provisional Portfolio

#### Table A

##### Summary Data

Aggregate current Principal Outstanding Balance (EUR):	855,964,054.10
Aggregate original Principal Outstanding Balance (EUR):	933,360,322.54
Average current Principal Outstanding Balance (EUR):	75,348.95
Average original Principal Outstanding Balance (EUR):	82,162.00
Maximum current Principal Outstanding Balance (EUR):	1,994,181.86
Maximum original Principal Outstanding Balance (EUR):	2,000,000.00
Number of Loans:	11,360
Subsidised (%):	15.75
Fixed Rate Loans (%):	49.79
Weighted average seasoning (months):	22.16
Weighted average remaining term (months):	246.01
Latest Maturity Date:	February 19,2048
Weighted average interest rate (%):	5.28
Current Principal of loans in Arrears (%):	7.40
Weighted average Original LTV (%):	70.05
Weighted average Current LTV (%):	65.65

**Table B****Original Loan Amount Distribution**

<b>Original Loan Amount Distribution</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
1 - 25,000	1,479	13.02	21,730,839	2.54
25,001 - 50,000	3,223	28.37	111,153,257	12.99
50,001 - 75,000	2,480	21.83	142,659,324	16.67
75,001 - 100,000	1,883	16.58	154,942,834	18.1
100,001 - 150,000	1,286	11.32	149,448,797	17.46
150,001 - 200,000	453	3.99	75,666,516	8.84
200,001 - 250,000	193	1.70	41,705,862	4.87
250,001 - 500,000	286	2.52	92,499,203	10.81
500,001 - 1,000,000	53	0.47	34,173,993	3.99
1,000,001 - 1,500,000	18	0.16	21,096,119	2.46
1,500,001 - 2,000,000	6	0.05	10,887,310	1.27
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Min: 5,000.00  
Max: 2,000,000.00  
Average: 82,162.00

**Table C****Outstanding Loan Amount Distribution**

<b>Outstanding Loan Amount Distribution</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
1 - 25,000	1,974	17.38	30,597,106	3.57
25,001 - 50,000	3,192	28.10	121,077,207	14.15
50,001 - 75,000	2,462	21.67	153,097,801	17.89
75,001 - 100,000	1,651	14.53	144,123,882	16.84
100,001 - 150,000	1,154	10.16	141,426,816	16.52
150,001 - 200,000	407	3.58	70,919,856	8.29
200,001 - 250,000	181	1.59	41,075,048	4.80
250,001 - 500,000	265	2.33	88,749,627	10.37
500,001 - 1,000,000	51	0.45	33,398,376	3.90
1,000,001 - 1,500,000	17	0.15	20,611,025	2.41
1,500,001 - 2,000,000	6	0.05	10,887,310	1.27
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Min: 93.63  
Max: 1,994,181.86  
Average: 75,348.95

**Table D****Origination Date Distribution**

<b>Origination Date Distribution</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
1993	13	0.11	10,128	0.00
1994	3	0.03	6,435	0.00
1995	3	0.03	28,305	0.00
1996	5	0.04	35,455	0.00
1997	12	0.11	184,887	0.02
1998	105	0.92	1,493,735	0.17
1999	146	1.29	3,071,459	0.36
2000	148	1.30	5,033,345	0.59
2001	293	2.58	8,590,436	1.00
2002	297	2.61	13,438,498	1.57
2003	495	4.36	20,141,007	2.35
2004	733	6.45	52,512,121	6.13
2005	2,361	20.78	175,164,522	20.46
2006	3,389	29.83	265,359,596	31.00
2007	2,923	25.73	267,610,837	31.26
2008	434	3.82	43,283,287	5.06
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Min: March 24,1993  
Max: February 29,2008  
Weighted Average: May 13,2006

**Table E****Maturity Date Distribution**

<b>Maturity Date Distribution</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
2010 or earlier	265	2.33	2,393,349	0.28
2011 - 2015	927	8.16	29,920,723	3.50
2016 - 2020	2,049	18.04	117,943,063	13.78
2021 - 2025	3,087	27.17	222,996,964	26.05
2026 - 2030	1,812	15.95	157,890,713	18.45
2031 - 2035	1,415	12.46	133,586,368	15.61
2036 - 2040	1,027	9.04	105,758,172	12.36
2041 - 2045	307	2.70	31,097,495	3.63
2046 or later	471	4.15	54,377,206	6.35
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Min: March 22, 2008  
Max: February 19, 2048  
Weighted Average: September 16, 2028

**Table F****Remaining Term to Maturity Distribution**

<b>Remaining Term to Maturity Distribution (months)</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
0 - 60	556	4.89	8,778,523	1.03
60 - 120	1,250	11.00	53,773,209	6.28
120 - 180	3,878	34.14	261,251,826	30.52
180 - 240	1,978	17.41	165,604,329	19.35
240 - 300	1,185	10.43	106,509,800	12.44
300 - 360	1,659	14.60	164,214,819	19.18
360 - 420	320	2.82	34,824,679	4.07
420 - 480	534	4.70	61,006,868	7.13
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Minimum: 0  
Maximum: 479  
Weighted Average: 246

**Table G****Interest Rate Distribution**

<b>Interest Rate Distribution</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
2.01 - 3.00	18	0.16	2,131,387	0.25
3.01 - 4.00	575	5.06	59,552,935	6.96
4.01 - 5.00	2,980	26.23	265,158,082	30.98
5.01 - 6.00	4,595	40.45	344,501,989	40.25
6.01 - 7.00	2,968	26.13	173,713,755	20.29
7.01 - 8.00	176	1.55	9,847,253	1.15
8.01 - 9.00	48	0.42	1,058,653	0.12
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Minimum: 2.87%  
Maximum: 8.77%  
Weighted Average: 5.28%

**Table H****Current LTV Distribution**

<b>Current LTV Distribution</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
0.01% - 10.00%	229	2.02	2,849,950	0.33
10.01% - 20.00%	428	3.77	14,428,392	1.69
20.01% - 30.00%	722	6.36	33,056,959	3.86
30.01% - 40.00%	947	8.34	58,247,959	6.80
40.01% - 50.00%	1,231	10.84	83,347,101	9.74
50.01% - 60.00%	1,474	12.98	105,877,571	12.37
60.01% - 70.00%	1,932	17.01	145,110,310	16.95
70.01% - 80.00%	2,146	18.89	188,541,213	22.03
80.01% - 90.00%	1,784	15.70	163,905,305	19.15
90.01% - 100.00%	467	4.11	60,599,295	7.08
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Minimum: 0.13%  
Maximum: 99.83%  
Weighted Average: 65.65%

**Table I****Original LTV Distribution**

<b>Original LTV Distribution</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
0.01% - 10.00%	53	0.47	1,358,625	0.16
10.01% - 20.00%	224	1.97	9,153,022	1.07
20.01% - 30.00%	493	4.34	23,332,153	2.73
30.01% - 40.00%	775	6.82	45,071,575	5.27
40.01% - 50.00%	1,054	9.28	69,689,053	8.14
50.01% - 60.00%	1,294	11.39	90,392,135	10.56
60.01% - 70.00%	1,715	15.10	129,234,345	15.10
70.01% - 80.00%	2,568	22.61	195,298,294	22.82
80.01% - 90.00%	2,081	18.32	182,729,599	21.35
90.01% - 100.00%	1,103	9.71	109,705,253	12.82
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Minimum: 0.68%  
Maximum: 100.00%  
Weighted Average: 70.05%

**Table J****Property Region**

<b>Property Region</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Aegean Islands	509	4.48	45,274,843	5.29
Agrinio	126	1.11	6,384,881	0.75
Athens	3,430	30.19	303,947,626	35.51
C. Greece & Ionian Islands	764	6.73	57,834,143	6.76
Central greece	778	6.85	44,324,351	5.18
Crete & Dodekanisa	953	8.39	86,056,754	10.05
Drama	51	0.45	2,227,603	0.26
Grevena	33	0.29	2,226,217	0.26
Kastoria	37	0.33	3,479,962	0.41
Kavala	102	0.90	5,672,692	0.66
Kozani	74	0.65	5,401,223	0.63
Lamia	113	0.99	4,579,155	0.53
Leivadia	68	0.60	4,883,184	0.57
No data	18	0.16	1,371,908	0.16
N.Greece	1,275	11.22	76,291,700	8.91
Naousa	51	0.45	2,236,248	0.26
Peloponnese	823	7.24	60,600,413	7.08
Thessaloniki	2,039	17.95	136,815,211	15.98
Veroia	116	1.02	6,355,940	0.74
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table K****Seasoning**

<b>Seasoning (months)</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
1 - 3	745	6.56	76,352,197	8.92
4 - 6	825	7.26	79,356,540	9.27
7 - 9	824	7.25	76,791,235	8.97
10 - 12	518	4.56	46,511,865	5.43
13 - 24	3,291	28.97	258,758,028	30.23
25 - 60	4,077	35.89	284,088,606	33.19
61 - 120	1,043	9.18	33,822,305	3.95
121 - 180	37	0.33	283,279	0.03
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Minimum: 1  
Maximum: 180  
Weighted Average: 22

**Table L****Original Term to Maturity**

<b>Original Term to Maturity (months)</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
1 - 60	88	0.77	2,064,512	0.24
61 - 120	1,063	9.36	39,381,755	4.60
121 - 180	3,998	35.19	255,875,822	29.89
181 - 240	2,279	20.06	173,840,062	20.31
241 - 300	1,235	10.87	110,526,118	12.91
301 - 360	1,775	15.63	172,596,307	20.16
361 - 420	369	3.25	38,518,616	4.50
Greater than 420 months	553	4.87	63,160,861	7.38
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

Minimum: 36  
Maximum: 482  
Weighted Average: 268

**Table M****Property Type**

<b>Property Type</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Apartment	5,899	51.93	373,109,436	43.59
Detached	4,398	38.71	377,587,185	44.11
Pre Constructed	1	0.01	16,417	0.00
Semi-Detached	1,062	9.35	105,251,016	12.30
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table N****Loan Purpose**

<b>Loan Purpose</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Purchase	5,838	51.39	465,115,167	54.34
Repairs and Refurbishment	2,680	23.59	144,479,878	16.88
Construction	1,931	17.00	135,199,268	15.79
Refinance	911	8.02	111,169,742	12.99
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table O****Interest Type**

<b>Interest Type</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Preferential rate loans	1,706	15.02	179,071,411	20.92
Mixed rate loans	3,522	31.00	247,129,855	28.87
Floating rate loans (index to Euribor)	2,592	22.82	216,912,236	25.34
Floating rate loans indexed to another base	3,540	31.16	212,850,552	24.87
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table P****Current Index**

<b>Current Index</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Euribor 1 Month	2,592	22.82	216,912,236	25.34
ECB	1,771	15.59	149,511,158	17.47
Fix	5,228	46.02	426,201,266	49.79
Piraeus Preferential	602	5.30	18,624,639	2.18
Piraeus Base	1,167	10.27	44,714,756	5.22
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table Q****Reversion Index (fixed loans only)**

<b>Reversion Index (fixed loans only)</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Euribor 1 Month	5,069	96.96	420,597,908	98.69
Piraeus Preferential	106	2.03	4,454,340	1.05
Piraeus Base	53	1.01	1,149,019	0.27
<b>Total:</b>	<b>5,228</b>	<b>100</b>	<b>426,201,266</b>	<b>100</b>

**Table R****Year of reversion of fixed rate loans**

<b>Year of Reversion for fixed rate loans</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
2008	87	1.66	3,521,210	0.83
2009	2,318	44.34	211,674,556	49.67
2010	1,331	25.46	99,467,673	23.34
2011	564	10.79	48,813,857	11.45

2012	461	8.82	33,434,903	7.84
2013	62	1.19	3,870,935	0.91
2014	94	1.80	6,034,304	1.42
2015	8	0.15	531,822	0.12
2016 - 2020	90	1.72	5,582,509	1.31
2021 - 2025	145	2.77	8,273,977	1.94
2026 - 2030	68	1.30	4,995,519	1.17
<b>Total:</b>	<b>5,228</b>	<b>100</b>	<b>426,201,266</b>	<b>100</b>

Weighted Average: November 20, 2010

**Table S**

**Occupancy**

<b>Occupancy</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Owner Occupied	8,313	73.18	604,707,992	70.65
Other	3,047	26.82	251,256,062	29.35
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table T**

**Subsidy Type**

<b>Subsidy Type</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Both	229	2.02	12,549,385	1.47
None	9,389	82.65	721,119,432	84.25
OEK	457	4.02	22,635,182	2.64
State	1,285	11.31	99,660,055	11.64
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table U**

**Interest Covered by Subsidies**

<b>Interest Covered by Subsidies</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
10.01% - 20.00%	90	4.57	3,782,416	2.81
20.01% - 30.00%	50	2.54	2,172,246	1.61
30.01% - 40.00%	315	15.98	16,454,316	12.2
40.01% - 50.00%	83	4.21	5,263,259	3.9
50.01% - 60.00%	275	13.95	17,526,688	13
60.01% - 70.00%	320	16.24	23,974,906	17.78
70.01% - 80.00%	657	33.33	53,451,926	39.64
80.01% - 90.00%	91	4.62	5,394,827	4
90.01% - 100.00%	90	4.57	6,824,039	5.06
<b>Total:</b>	<b>1,971</b>	<b>100</b>	<b>134,844,622</b>	<b>100</b>

**Table V****Employment Type**

<b>Employment type</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
Artists, Athletes, Journalists	106	0.93	7,476,981	0.87
Drivers, Sailors, Pilots	568	5.00	36,111,855	4.22
Fisherman, Farmers	269	2.37	15,508,153	1.81
Labourers	266	2.34	12,877,331	1.50
Military	316	2.78	19,117,792	2.23
Not Available	1,189	10.47	75,952,576	8.87
Other Private Sector	2,822	24.84	183,673,993	21.46
Other Public Sector	726	6.39	42,850,998	5.01
Politicians	2	0.02	171,970	0.02
Scientists	1,576	13.87	134,766,831	15.74
Service Industries	310	2.73	18,384,597	2.15
Technicians, Tradesmen	807	7.10	49,961,303	5.84
Traders, Businessmen, Self Employed	2,403	21.15	259,109,675	30.27
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

**Table W****Arrears**

<b>Arrears status</b>	<b>Number of Loans</b>	<b>%</b>	<b>Principal Balance</b>	<b>% of Principal Balance</b>
No in Arrears	10,541	92.79	792,591,293	92.60
In Arrears	819	7.21	63,372,761	7.40
<b>Total:</b>	<b>11,360</b>	<b>100</b>	<b>855,964,054</b>	<b>100</b>

## HISTORICAL MORTGAGE LOAN DATA

Piraeus has extracted data on the historical performance of its total mortgage loan portfolio, with respect to certain criteria, including that all of the mortgage loans were:

- (i) originated in respect of residential properties;
- (ii) denominated in euro;
- (iii) based on an interest rate not fixed for the lifetime of the loan; and
- (iv) the main borrower is not an employee of Piraeus Bank.

The following tables show only the default and prepayment historical rates. Investors should note that the tables have not been audited.

As the Provisional Portfolio represents only a portion of the total Seller's residential mortgage portfolio, actual defaults and prepayments experience comprised therein may be different from that set below. There can be no assurance that the experience for the Provisional Portfolio will be, in the future, similar to the historical experience of the Seller's residential mortgage portfolio set forth below.

### Cumulative Gross Defaults by Quarter of Origination

The default data presented below indicate, for a given quarter of origination, the cumulative principal balance outstanding of defaulted residential mortgage loans, quarter by quarter, divided by the principal amount originated in the quarter of origination.

Piraeus considers any residential mortgage loan which became a Defaulted Loan for the first time during a quarter as defaulted.

Quarter of origination/quarter of default	Q+0	Q+1	Q+2	Q+3	Q+4	Q+5	Q+6	Q+7	Q+8	Q+9	Q+10	Q+11	Q+12	Q+13	Q+14	Q+15
2004_Q1	0.00%	0.00%	0.00%	0.16%	0.46%	1.58%	1.86%	1.98%	2.02%	2.12%	2.12%	2.29%	2.31%	2.15%	1.85%	0.80%
2004_Q2	0.00%	0.00%	0.00%	0.03%	0.03%	0.03%	0.45%	0.48%	0.48%	0.63%	0.99%	0.99%	1.02%	0.99%	1.01%	
2004_Q3	0.00%	0.00%	0.06%	0.13%	0.49%	0.82%	0.82%	0.90%	1.04%	1.22%	1.29%	1.33%	1.53%	1.65%		
2004_Q4	0.00%	0.00%	0.00%	0.10%	0.10%	0.38%	0.57%	0.64%	0.89%	1.12%	1.21%	1.24%	1.48%			
2005_Q1	0.00%	0.00%	0.00%	0.10%	0.25%	0.50%	0.56%	0.57%	0.76%	0.81%	0.94%	1.12%				
2005_Q2	0.00%	0.00%	0.04%	0.19%	0.24%	0.57%	0.79%	1.28%	1.36%	1.44%	1.63%					
2005_Q3	0.00%	0.00%	0.42%	0.52%	0.53%	0.96%	1.17%	1.68%	1.78%	2.07%						
2005_Q4	0.00%	0.00%	0.22%	0.41%	0.72%	0.83%	0.98%	1.09%	1.45%							
2006_Q1	0.00%	0.00%	0.07%	0.35%	0.65%	0.73%	0.82%	0.89%								
2006_Q2	0.00%	0.00%	0.07%	0.44%	0.72%	0.88%	1.30%									
2006_Q3	0.00%	0.00%	0.13%	0.33%	0.67%	1.13%										
2006_Q4	0.00%	0.00%	0.07%	0.10%	0.45%											
2007_Q1	0.00%	0.00%	0.16%	0.27%												
2007_Q2	0.00%	0.00%	0.04%													
2007_Q3	0.00%	0.26%														
2007_Q4	0.00%															

## Dynamic Semi-Annual Prepayment Analysis

The prepayment data table below shows, for a given semester, the amount of prepaid residential mortgage loans occurring during a semester divided by the outstanding principal balance of non Defaulted Loans at the beginning of the relevant semester.

YEAR/SEMESTER	2004/1ST	2004/2ND	2005/1ST	2005/2ND	2006/1ST	2006/2ND	2007/1ST	2007/2ND
Outstanding balance of non Defaulted Loans at beginning of semester (€)	1,298,263,527	1,461,371,922	1,862,588,347	2,246,191,986	2,810,141,593	3,229,181,597	3,566,997,179	3,519,631,679
Prepayments (principal) (€)	25,306,404	29,847,068	51,761,790	72,507,615	115,165,106	219,270,899	385,285,776	169,463,116
Annualised compounded CPR (%)	3.86	4.04	5.48	6.35	8.03	13.12	20.44%	9.40%

## SUMMARY OF THE GREEK SECURITISATION LAW

The transactions described in this Prospectus are the subject of specific legislation enacted by the Government of the Hellenic Republic, law 3156/2003 "*on Corporate Bonds, Securitization of Receivables and Receivables from Real Property and other related provisions*" (published in Government Gazette issue no. 157/A/25.06.03) as the same may be amended or re-enacted from time to time (the **Securitisation Law**). Article 10 of the Securitisation Law contains express provisions for the framework and the assignment due to the securitisation of receivables originated by a commercial entity resident in Greece (a **Transferor**) resulting from its business activity.

Article 10 of the Securitisation Law allows a Transferor to sell its receivables to a special purpose vehicle (an **SPV**) which must also be the issuer of bonds to be issued in connection with the securitisation of such receivables. In particular, it provides that:

- (a) the assignment of the receivables is to be governed by assignment provisions of the Greek Civil Code which provides that additional rights relating to the receivables including guarantees, mortgages, mortgage pre-notations and other security interests will be transferred by the Transferor to the SPV along with the transfer of the receivables;
- (b) the transfer of the receivables pursuant to the Securitisation Law does not change the nature of the receivables, and all privileges which attach to the receivables for the benefit of the Transferor are also transferred to the SPV;
- (c) a summary of the receivables sale agreement must be registered with the competent Land Registry, in accordance with the procedure set out under article 3 of the Greek law 2844/00 on registered pledge, following which the sale of the receivables is effected and perfected and the underlying obligors of the receivables will be deemed to have received notice that there has been a sale of the receivables;
- (d) following the registration of the summary of the receivables sale agreement, the validity of the sale of the receivables is not affected by any insolvency proceedings concerning the Transferor or the SPV;
- (e) following the transfer of the receivables and the registration of the summary of the receivables sale agreement, no security interest or encumbrance can be created over the receivables other than the interest that is created pursuant to the Securitisation Law which comprises a pledge operating by law over the receivables in favour of the holders of the bonds issued in connection with the securitisation of the receivables and also the other creditors of the SPV;
- (f) the claims of the holders of the bonds issued in connection with the securitisation of the receivables and also the other creditors of the SPV from the enforcement of the pledge operating by law will rank ahead of the claims of any statutory preferential creditors;
- (g) the servicing and making collections with respect to the receivables can be carried out by:
  - (i) a credit institution or financial institution in the European Economic Area;
  - (ii) the Transferor; or
  - (iii) a third party that had guaranteed or serviced the receivables prior to the time of transfer to the SPV;
- (h) if the SPV is not resident in Greece, the person responsible for servicing and making collections under the receivables must be resident in Greece if the receivables are payable by consumers in Greece;

- (i) amounts collected in respect of the receivables and security created over the receivables are not available to the creditors of the person making such collections and will not form part of its estate on its liquidation;
- (j) the proceeds of the collections made in respect of the receivables must immediately upon receipt be deposited by the person making such collections in a separate bank account held with a credit institution or financial institution in the European Economic Area or with such person, if it is a credit institution;
- (k) amounts standing to the credit of the separate bank account into which collections are deposited are also secured in favour of the holders of the bonds issued in connection with the securitisation of the receivables and the other creditors of the SPV by virtue of a pledge operating by law;
- (l) the laws relating to bank confidentiality do not apply for the purposes of the sale of the receivables by the Transferor to the SPV or for the purposes of the agreements between the SPV and its creditors, but the SPV and its creditors are obliged to comply with the provisions of Greek law relating to confidentiality; and
- (m) the Transferor can make available data relating to the obligors under the receivables to the SPV and the SPV can make such data available to its creditors, to the extent that it is necessary for the purposes of the securitisation, without having to obtain the consent of the obligors or of the Data Protection Authority of Law 2472/1997.

The Bank of Greece, the Greek bank regulator, has issued its act No 2593/2007 and its circular No. 9/30.10.2003 (the **Securitization Secondary Legislation**) on the weighting of securitisation notes held by a banking institution and establishing rules on the regulatory supervision of securitizations by local banks. The Securitization Secondary Legislation provides that each securitization programme must be notified to the Bank of Greece at least 30 days prior to the commencement of its implementation. It is not required under the Law or the Securitization Secondary Legislation that the Bank of Greece confirms in writing that the transactions contemplated in each securitization are in compliance with the Law.

## SERVICING OF THE PORTFOLIO

All Loans will be serviced by Piraeus in its capacity as Servicer under and in accordance with the terms of the Servicing Agreement. The Servicer will also service loans which will not be included in the Portfolio.

Under the Servicing Agreement, the Servicer will agree to service the Loans and their Related Security on behalf of the Issuer and the Trustee. The Servicer will provide services (the **Services**) to the Issuer in relation to the Loans and Related Security which include the Servicer being obliged to:

- (a) service the Loans and the Related Security with the same level of care and diligence as would a Prudent Mortgage Lender if it were the owner of the Loans and the Related Security and in accordance with the Operating Procedures Manual;
- (b) keep in force all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Services and prepare and submit all necessary applications and requests for any further approval, authorisation, consent or licence required by Greek law or regulation in connection with the business of the Issuer;
- (c) not knowingly fail to comply with any material legal and regulatory requirements in the performance of the Services or cause the Issuer to fail to comply with any Greek legal and regulatory requirements;
- (d) make the necessary calculations and determinations to prepare a quarterly report to be delivered to the Issuer, the Trustee, the Swap Provider, the Rating Agency and the Cash Manager setting out information in relation to the Portfolio including, but not limited to the Default Ratio;
- (e) make the necessary calculations and determinations to prepare a monthly report to be delivered to the Issuer, the Trustee, the Cash Manager, the Swap Provider, and the Rating Agency setting out the information in relation to the total Receipts for the period from the immediately preceding Collection Date until the day preceding the date of such monthly report;
- (f) notify the Issuer, the Cash Manager and the Trustee of a material breach of any of the representations, warranties and undertakings of the Seller contained in the Mortgage Sale Agreement or of the Servicer contained in the Servicing Agreement and of any event which could result in the termination of its appointment as Servicer;
- (g) take all such action within its control as may be required from time to time to maintain and/or preserve any and all of the Related Security and its priority as a Prudent Mortgage Lender would take as if the Loan(s) had not been transferred to the Issuer pursuant to the Mortgage Sale Agreement;
- (h) procure payment of all applicable stamp duties (if applicable in the future), registration and other documentary taxes in respect of the Loans and/or the Related Security to the extent the same has not been paid by the Seller on or prior to the assignment of the Seller's rights, title, interest and benefit in, to and under the Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement;
- (i) pay, on behalf of the Issuer, the Levy which is payable by the Issuer provided that if at any time there is a change in the law with respect to the payment of such Levy, the Servicer shall only be required to pay such amounts of Levy for so long as the Servicer is the Seller under the Mortgage Sale Agreement or a member of the Piraeus Group;

- (j) if there is a default or delay in the making of any payment when due in respect of the Loans, take all such action in respect thereof as would a Prudent Mortgage Lender, including without limitation, enforcing Loans in accordance with the Enforcement Procedures and granting to a Borrower or a Guarantor conditional indulgence in under payments or delayed payments in respect of the Loans, provided that the Servicer will not be permitted to grant any waiver in respect of principal unless an independent third party has verified to the Trustee that the proposed waiver is likely to lead to a higher recovery amount;
- (k) take out (in respect to those Properties constructed prior to 1st January 1960) fire insurance and (in respect of those Properties constructed on or after 1st January 1960), fire and earthquake insurance policies and (where applicable) life and permanent disability insurance policy (if any) on behalf of Borrowers that have failed to maintain such policies and to pay for the premium for such insurance policy;
- (l) collect scheduled insurance premium payments from Borrowers and forward them to the relevant insurance providers;
- (m) collect from Borrowers any legal costs incurred in the administration or enforcement of a Loan or, where applicable, net-off such costs from any relevant recoveries;
- (n) keep in safe custody the Loan Documentation for all the Loans;
- (o) for as long as the Servicer is Piraeus or an affiliate of Piraeus, ensure that the Seller offers to purchase on behalf of and in the name of the Issuer from the Seller, Replacement Loans in accordance with and subject to the terms of the Mortgage Sale Agreement;
- (p) provide the Cash Manager with information relating to Receipts, Replacement Loans and Retired Loans in respect of each Collection Period;
- (q) upon the occurrence of a Rate Event or the Servicer or any substitute or successor servicer being in default of any of its obligations under the Servicing Agreement, not to effect reductions to the base rate on which floating interest in respect of certain Loans is calculated from such base rate to below the Minimum Rate;
- (r) segregate collections representing interest which accrued on the Loans prior to the Closing Date and remit such amounts to the Seller;
- (s) provide information to the Borrower in respect of the Loans in accordance with the Transparency Regulations including but not limited to, information in respect of Principal Outstanding Balance of a Loan, the Monthly Instalment Amount and, where applicable, a breakdown of such Monthly Instalment Amount;
- (t) calculate and notify to the OEK and the Greek State in a timely manner the subsidised interest amounts which are due to be made in respect of the Subsidised Loans and take any other action necessary, including compliance with all applicable procedures, required for the OEK and the Greek State to make payment of the subsidised amounts.

**Enforcement Procedures** means the Servicer's customary and usual servicing procedures for enforcing loans and their related security that are comparable to the Loans and their Related Security in accordance with its policies and procedures relating to its residential mortgage business.

**Levy** means the levy payable under law 128/75 of the Hellenic Republic.

**Loan Documentation** means, in respect of a Loan, (a) the agreements (however constituted) for each Loan between the Seller and the relevant Borrower and any other documents relating to or evidencing that Loan and (b) all documents relating to or evidencing the Related Security for that Loan.

**Minimum Rate** means, in respect of any Loan whose interest rate is calculated on a variable basis by reference to (i) the Piraeus Base Rate, or (ii) on a combined basis in part by reference to the Piraeus Base Rate, or (iii) to any other floating rate index determined or calculated from time to time by Piraeus Bank, and following the occurrence of a Rate Event, after converting the absolute Piraeus Base Rate immediately prior to such Rate Event into a margin over EURIBOR, an interest rate equal to EURIBOR plus 1.25 per cent., provided that the weighted average interest rate of the variable rate Loans in the Portfolio is greater than or equal to the equivalent of EURIBOR plus 1.25 per cent..

**Rate Event** means (i) the occurrence of an event of default in respect of which Piraeus is the defaulting party in relation to the Back-to-Back Swap (ii) the termination of the Back-to-Back Swap prior to its scheduled termination date (other than a termination arising under paragraph (ii) of Additional Termination Events (as defined in the Back-to-Back Swap)) or (iii) the replacement of Piraeus as Servicer.

The Back-to-Back Swap will be governed by a 1992 ISDA Master Agreement (Multi-currency-Cross Border) as published by the International Swaps and Derivatives Association Inc., and is subject to the standard events of default and termination events contained therein. It is also subject to an additional termination event relating to the occurrence of an impossibility or force majeure.

**Replacement Loan** means a Loan to be sold by the Seller to the Issuer following the Closing Date in accordance with the Mortgage Sale Agreement.

**Transparency Regulations** means the Act of the Governor of the Bank of Greece no. 2501/2001, as amended and in force from time to time, as well as all other applicable from time to time legislation relating to the obligations of credit institutions for the provision of information to clients of such credit institutions.

The Servicer (for so long as the Servicer is Piraeus) will be entitled to agree a change to the terms and conditions of a Loan which:

- (i) does not cause the Loan to cease to comply with the Eligibility Criteria;
- (ii) would not cause any of the Warranties to be untrue if given on the effective date of the relevant variation;
- (iii) would not result in the maturity of any Loan being extended beyond the date which falls five years prior to the Final Maturity Date and provided further that not more than 10 per cent. (by Principal Outstanding Balance) of the portfolio may be subject to an extension or reduction of the maturity of the relevant Loans by more than 22.5 per cent. of the then remaining term to maturity of the relevant Loan;
- (iv) would not result in the release of the relevant Related Security;
- (v) would not result in the decrease of the Principal Outstanding Balance of such Loan;
- (vi) is a Rate Variation or rate reduction which would not cause the weighted average interest rate of the Loans in the Portfolio to be less than the equivalent of one month EURIBOR plus 1.0 per cent.;
- (vii) would not result in a further advance being made to a Borrower;
- (viii) would, in the opinion of the Servicer, be agreed to by a Prudent Mortgage Lender and which either:

- (a) is a variation permitting a Borrower to defer payment of one or more Monthly Instalment Amount(s) in any calendar year (a **Flexible Option Variation**), provided that:
  - (A) the relevant Borrower has not been overdue in the payment of any amounts due under the relevant Loan for a period of more than 30 days on two or more (non consecutive) occasions in the immediately preceding 12 months;
  - (B) such deferral does not result in any following Monthly Instalment Amount exceeding 120 per cent. of the Monthly Instalment Amount due immediately preceding the first such deferral;
  - (C) not more than 10 per cent. (by Principal Outstanding Balance) of the Portfolio may be subject to such a Flexible Variation; and
  - (D) the relevant Borrower is current; or
- (b) is a Rate Variation, provided that not more than 30 per cent., (by Principal Outstanding Balance) of the Portfolio may be subject to a Rate Variation at any time, any such change to the terms and conditions of a Loan, (a **Permitted Variation**).

**Applicable Rate** means, in respect of a Loan at any time, the rate of interest (inclusive of any margin) applicable to that Loan at such time and whether determined by reference to a fixed or a floating rate basis.

**Rate Variation** means an extension of the period under a Loan for which a fixed rate of interest is payable or a variation in the interest rate payable under a Loan, such that the basis for calculating the interest rate changes from:

- (a) any of:
  - (i) one-month EURIBOR for euro deposits plus a margin; or
  - (ii) the Piraeus Base Rate plus, if applicable, a margin;
  - (iii) the ECB interest rate plus a margin; or
  - (iv) the Piraeus Preferential Rate plus, if applicable, a margin
 to either:
  - (A) being fixed until the maturity of the Loan; or
  - (B) being fixed for a pre-determined period and then set with reference to (i) one-month EURIBOR for euro deposits plus a margin or (ii) the Piraeus Base Rate plus, if applicable, a margin; or (iii) the Piraeus Preferential Rate plus, if applicable, a margin; or
  - (C) being fixed according to preferential fixed rate for a pre-determined period and then set with reference to one-month EURIBOR plus a margin; or
- (b) from a fixed rate of interest to either:
  - (i) one-month Euribor for euro deposits plus a margin; or

- (ii) the Piraeus Base Rate plus, if applicable, a margin; or
  - (iii) the Piraeus Preferential Rate plus, if applicable, a margin; or
  - (iv) a preferential fixed rate for a pre-determined period and then set with reference to one-month EURIBOR plus a margin; or
- (c) from a preferential fixed rate of interest to one-month EURIBOR plus a margin, or to a fixed rate of interest.

The Servicer will by 5:00 p.m. Athens time or, if the Servicer ceases to be assigned a short-term unsecured, unsubordinated and unguaranteed debt rating of at least F2 by Fitch, by 2.00 p.m, Athens time, in each case on the Athens Business Day immediately following the date of receipt or collection of all amounts paid by the Borrowers under or in respect of their Loans, the Loan Documentation and Related Security, other than non-securitised amounts including:

- (i) amounts representing interest accrued on the Loans prior to the Closing Date;
- (ii) interest accrued on the Servicer Collection Account; and
- (iii) insurance premium amounts owed to the Servicer (to the extent that the Servicer has paid such amounts on behalf of the relevant Borrower) or any insurance provider, which amounts relate to building insurance or (where applicable) life and permanent disability insurance relating to the Loans and their Related Security),

credit such amounts, less deductions in respect of certain legal expenses and insurance premium payments associated with the ongoing servicing of the Loans on a per Loan basis, to the Servicer Collection Account. The Servicer will also identify and record, among other things, the amount of receipts and collections and the items to which they relate including, but not limited to, principal, interest, fees, levies, legal costs and insurance premiums. All amounts standing to the credit of the Servicer Collection Account will be held in the name of the Servicer but for the benefit of the Secured Parties pursuant to paragraph 18, article 10 of the Securitisation Law.

The Servicer will transfer all amounts standing to the credit of the Servicer Collection Account to the Issuer Collection Account at or about 5:00 p.m. Athens time on the Athens Business Day after these amounts were transferred to the Servicer Collection Account or, if the Servicer ceases to be assigned a short-term unsecured, unguaranteed debt obligation rating of at least F2 by Fitch, immediately upon transfer into the Servicer Collection Account and by no later than 5:00 p.m. Athens time on the Athens Business Day on which such amounts were transferred into the Servicer Collection Account, or in each case, if such day is not a Transfer Business Day, on the immediately following Transfer Business Day, and by 4:00 p.m. London time, notify the Cash Manager of the amount transferred.

The Servicer will transfer all amounts of interest on amounts standing to the credit of the Servicer Collection Account to the Issuer Collection Account by 5:00 p.m. on the fifth day of each calendar month, or if such day is not a Transfer Business Day on the immediately following Transfer Business Day and by 4:00 p.m. (London Time) on such day notify the Cash Manager of the amount transferred provided that no interest will accrue on amounts standing to the credit of the Servicer Collection Account if and for so long as Piraeus is the Servicer.

The Servicer will also be responsible for setting the interest rate chargeable to Borrowers under the Loans on behalf of the Issuer. Pursuant to the Servicing Agreement, the Servicer will be authorised and required to set and notify the interest rate chargeable to the relevant Borrowers under the Loans based at (in the case of the EURIBOR based Loans) EURIBOR plus the applicable margin and (in the case of the Piraeus Base Rate based Loans) on the occurrence of a change in the Piraeus Base Rate.

The Servicer shall notify the Borrowers of any such rate changes in a manner contemplated by the terms of the relevant Loans or by virtue of any Greek legal or regulatory requirements. In addition, the Servicer shall, on request by the relevant Borrower or a Borrower's solicitor or conveyancer, provide information regarding the redemption of the relevant Loan. Following the occurrence of a Rate Event, the Servicer will not be permitted to set the rate of interest chargeable to the Borrowers at a rate lower than the Minimum Rate.

The Cash Manager will be obliged to determine and notify to the Servicer (on request) the Minimum Rate at the time the Servicer requests a determination of the Minimum Rate to comply with its obligations under the Servicing Agreement.

The Servicer will on the 12<sup>th</sup> day of March, June, September and December of each year, or if such a day is a Saturday or a Sunday, or is not a day on which banks are open for business in Athens (an **Athens Business Day**), then on the immediately succeeding Athens Business Day (the **Servicer Report Date**), and in respect of the immediately preceding Collection Period produce a report (the **Servicer Report**). The Servicer Report will be delivered to the Issuer, the Trustee, the Rating Agency, the Swap Provider, and the Cash Manager. The Servicer Report will set out information on, among other things, the Loans, any Permitted Variations and details of Loan Income Receipts. The Servicer shall also produce, on or about each Servicer Report Date, a report in accordance with Fitch's data template as updated from time to time, containing information on each individual Loan. Additionally, on each Servicer Report Date, the Servicer will send a database (containing details and characteristics of the Loans currently in the Portfolio) to the Rating Agency, the Trustee and the Swap Counterparty. Such database shall be in a similar form of database as was provided to such parties on or about the Cut-Off Date. However, it shall also include details and characteristics of Subsequent Loans and Replacement Loans and incorporate any changes due to permitted variations and the replacement of loans. The Servicer shall additionally on the 10th day of each month, or if such day is not an Athens Business Day on the immediately succeeding Athens Business Day (the **Monthly Servicer Report Date**) produce a report (the **Monthly Servicer Report**) setting out, *inter alia*, information on the Receipts during the period commencing on (and including) a Collection Date and ending on (but excluding) the date falling one calendar month after the Collection Date and each successive month thereafter (each such period a **Monthly Collection Period**).

The Servicer will not, without, *inter alia*, the prior written consent of the Issuer and Trustee (such consent not to be unreasonably withheld or delayed for a period of 15 days following receipt of the Servicer's relevant written notification), be entitled to sub-contract or to delegate the performance of all or any of the Services provided that the consent of the Issuer and the Trustee shall not be required to the sub-contracting or delegation of all or any of the Services to a member of the Piraeus Group. In addition where the sub-delegation or sub-contracting involves the custody of documents and/or the receipt of monies by the sub-contractor or delegate, the sub-contractor or delegate has executed:

- (i) a declaration in form and substance acceptable to the Issuer and Trustee that such documents are and will be held to the order of Trustee or as the Trustee may direct and/or that any monies received will be paid into the Servicer Collection Account; and
- (ii) a written waiver of any Security Interest arising in connection to any delegated services for the extent that any Security Interest relates to the Portfolio or any monies received from the Borrower.

The Servicer will make certain representations and warranties to the Issuer in accordance with the terms of the Servicing Agreement relating to itself and its entering into the Transaction Documents to which it is a party. The Servicer will also be required to make covenants in favour of the Issuer relating to itself in the performance of the Services in accordance with the terms of the Servicing Agreement.

The Servicer will receive a fee for providing the Services pursuant to the Servicing Agreement payable on each Interest Payment Date or following enforcement of the Security on any Business Day

in accordance with the Pre-Enforcement Priority of Payments or the Post Enforcement Priority of Payments, as applicable and the Deed of Charge. The Servicer will also be entitled to be reimbursed for costs and expenses that it incurs in connection with the provision of the Services, including the payment of insurance premiums on behalf of the Borrowers, and the costs of enforcement action against Borrowers, in either case, to the extent that these have not previously been deducted from gross amounts paid by the Borrowers to the Servicer or from recoveries. Whilst Piraeus is the Servicer, the Servicer will be entitled to deduct and retain for itself from all amounts received in respect of the Loans and their Related Security arising under or in respect of enforcement action taken against, or against the property or assets of, any Borrower or Guarantor (**Enforcement Proceeds**):

- (i) an amount up to 10 per cent. of such Enforcement Proceeds in respect of amounts due to any third parties;
- (ii) VAT on amounts payable to third parties;
- (iii) Legal Expense Amounts, in each case incurred in connection with such Enforcement Proceeds; and
- (iv) any other expenses actually and properly incurred by the Servicer which have not been collected by it.

The appointment of Piraeus as Servicer (in relation to the provision of the Services) can be terminated on the occurrence of insolvency of Piraeus or relevant material default under the Servicing Agreement. In the event that the appointment of the Servicer is terminated, the Trustee will not be responsible for performing any of the duties of the Servicer pending the appointment of a substitute servicer. If a substitute servicer is appointed to service the Loans and their Related Security such appointment is required to comply with Paragraph 14, Article 10 of the Securitisation Law. The appointment of a substitute servicer will be conditional upon confirmation from the Rating Agency that such appointment will not result in a downgrade of the then current ratings of the Notes.

## SUMMARY OF PRINCIPAL DOCUMENTS

### Mortgage Sale Agreement

Under the Mortgage Sale Agreement, the Seller will agree to sell to the Issuer the Initial Portfolio, and the Issuer will agree to purchase the Initial Portfolio at a price equal to the aggregate of:

- (a) the Initial Purchase Price; and
- (b) by way of deferred purchase price, any excess Available Funds held by the Issuer following the payment of, or provision for, the amounts referred to in paragraphs (i) to (xviii) (inclusive) of the Pre-Enforcement Priority of Payments or the amounts referred to in paragraphs (i) to (x) (inclusive) of the Post-Enforcement Priority of Payments, as appropriate and from amounts standing to the credit of the Set-Off (Additional Payments) Reserve Account and the Set-Off (Deposits) Reserve Account after (i) amounts have been withdrawn from the Set-Off (Additional Payments) Reserve Account and the Set-Off (Deposits) Reserve Account in respect of Additional Payments and Deposit Amounts and credited to the Issuer Transaction Account in accordance with the terms of the Cash Management Agreement and the Deed of Charge; and (ii) the Issuer has repaid all amounts outstanding under the Set-Off (Additional Payments) Loan or the Set-Off (Deposits) Loan, as applicable (the **Deferred Consideration**).

On the Closing Date the Issuer will estimate the Initial Purchase Price (on the basis of the aggregate Principal Outstanding Balance of the Loans at the Cut-Off Date minus the Principal Outstanding Balance of any Loans that do not comply with the Loan Warranties on the Closing Date and minus any principal payments received on any Loans between the Cut-Off Date and the Closing Date) and will apply the proceeds of the issue of the Notes towards payment of such estimated amount. To the extent the actual Initial Purchase Price is not equal to the estimated Initial Purchase Price following a reconciliation on or about ten Business Days after the Closing Date, the Issuer will either apply any retained proceeds of the issue of the Notes or receive a repayment from the Seller, as the case may be, towards any difference between such amounts. Any surplus proceeds will be repaid on the first Interest Payment Date to the Noteholders so that the initial aggregate Principal Amount Outstanding of the Notes on the Closing Date equals the aggregate Principal Outstanding Balance of the Loans.

As at the date the Loans are sold to the Issuer, the Loans and their Related Security forming the Portfolio will be required to comply with the Eligibility Criteria as set out below. They will also be required to comply with the representations and warranties given by the Seller in respect of the Portfolio in the Mortgage Sale Agreement (the **Loan Warranties**) which include (but are not limited to) the representations and warranties set out below:

- (a) Immediately prior to the transfer of each Loan under the Mortgage Sale Agreement, the Seller was the absolute legal and beneficial owner of each Loan and its Related Security.
- (b) The Seller has not received written notice of any litigation or (to the best of the Seller's knowledge or belief) claim calling into question in any material way its title to any Loan and its Related Security.
- (c) No Loan or its Related Security is subject to any Security Interest (other than, after the sale of the Loans, under the Transaction Documents or the Securitisation Law).
- (d) The Seller has no continuing obligations under any Loan to the relevant Borrower and/or Guarantor which could result in a pledge, lien, right of set-off or counterclaim and no pledge, lien, dispute, claim, right of set-off or counterclaim is or has been alleged to have been created or to have arisen under or with respect to such Loan which could affect the relevant Borrower's and/or Guarantor's repayment obligations under such Loan, except, in the case of any potential set-off or counterclaim, where the potential exposure to such set-off or counterclaim is not covered by either the amount standing to the credit of the Set-Off

(Additional Payments) Reserve Account or the facility limit under the Set-Off (Deposits) Facility.

- (e) In respect of each Loan, the Seller has not (other than pursuant to the Transaction Documents or the Securitisation Law):
  - (i) assigned, novated, transferred, disposed of, participated, sub-participated or otherwise dealt with that Loan, any Related Security or any interest therein, or entered into any agreement or arrangement to do the same, in such a manner as to confer rights in them on any third parties; and/or
  - (ii) created or agreed to create, or caused by its operation of its ownership of the relevant Loan and its Related Security the creation of, any Security Interest in respect of such Loans or Related Security or any interest in such Loans.
- (f) The sale of each Loan does not and will not constitute a breach by the Seller of the terms of the relevant Loan, including restrictions on disposition, and does not require the consent or approval of any person.
- (g) Each Loan was entered into in the ordinary course of business by the Seller, in accordance with the terms of the Lending Criteria subject only to any deviations which a Prudent Mortgage Lender would allow.
- (h) The Seller has procured that full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts and proceedings relating to each Loan.
- (i) No Loan is more than 60 days in Arrears at the Cut-off Date or, in respect of a Replacement Loan, as at the relevant Repurchase Date on which the Loan is sold and assigned to the Issuer (provided that this criterion shall not apply to Subsequent Loans which, in accordance with item 5 of the Subsequent Loans Criteria, shall not be in Arrears).
- (j) No Loan or any payment thereunder has ever been written off according to the Seller's credit and collection policies as contained in the Seller's operating procedures manual (the **Operating Procedures Manual**).
- (k) At least one scheduled payment of principal and interest has been paid by the relevant Borrower in respect of each Loan at the Cut-off Date or, in respect of a Replacement Loan, as at the relevant Repurchase Date on which the Loan is sold and assigned to the Issuer.
- (l) In respect of each Loan, the Seller has not received any written notice in accordance with the Loan Documentation or otherwise, that any event of default (howsoever described in the relevant Loan Documentation) in respect of the Borrower or Guarantor, if any, has occurred and is continuing and the Seller has not waived any Borrower's or Guarantor's material obligations or any event of default (howsoever described in the relevant Loan Documentation) under any Loans.
- (m) The Seller has not breached any material term under or in respect of any Loan.
- (n) In respect of each Loan, the Seller is not obliged (under the terms of the relevant Loan Documentation or otherwise) to make a further advance to the relevant Borrower(s).
- (o) No Loan contains any provisions which purport to cause the claim of the Seller against the relevant Borrower or any Guarantor under the Loan to rank lower than *pari passu* with other creditors of the same creditor class of such Borrower or Guarantor save where a prior ranking Mortgage or Pre-Notation exists over the Residential Property and either:

- (i) the Mortgage or Pre-Notation is in favour of a third party and the Seller has determined to its satisfaction acting as a Prudent Mortgage Lender that there are no actual claims capable of being made in connection with such prior ranking Mortgages or Pre-Notations; or
  - (ii) any prior ranking Mortgages or Pre-Notations in respect of the relevant Property are in favour of the Seller and each such prior ranking Mortgage or Pre-Notation was assigned to the Issuer pursuant to the terms of the Mortgage Sale Agreement; or
  - (iii) the Mortgage(s) or Pre-Notation(s) is in favour of a third party and the Seller has determined that the aggregate of all amounts secured by such Mortgage(s) or Pre-Notation(s) does not exceed €1,500.
- (p) The interest rate in respect of each Loan is
- (i) set with reference to one-month EURIBOR for euro deposits plus a margin, the Piraeus Base Rate plus, if applicable, a margin, or the Piraeus Preferential Rate plus, if applicable, a margin;
  - (ii) fixed for a pre-determined period and then set with reference to one-month EURIBOR for euro deposits plus a margin, or the Piraeus Base Rate plus, if applicable, a margin or Piraeus Preferential Rate plus, if applicable, a margin;
  - (iii) fixed until the maturity of the loan;
  - (iv) fixed at a preferential rate for a pre-determined period and then set with reference to one-month EURIBOR for euro deposits plus a margin; or
  - (v) the ECB interest rate plus a margin.
- (q) Each Loan and its Related Security comply with the following criteria (the **Eligibility Criteria**):
- (i) the Loan has been originated by and is an asset of the Seller;
  - (ii) the Loan and Loan Documentation are governed by Greek law;
  - (iii) the Loan is denominated, and all payments are required to be made by the relevant Borrower, in euro;
  - (iv) the Loan has a Principal Outstanding Balance of no more than €2,000,000 as at the Cut-Off Date or, in respect of a Replacement Loan or Subsequent Loan, as at the relevant Repurchase Date or Subsequent Valuation Date;
  - (v) the Loan matures on or before June 2050;
  - (vi) the Loan has been originated:
    - (A) where the purpose is the purchase (A) or repair of a property, prior to the entry of such Loan into the Portfolio;
    - (B) where the purpose is the construction of a property, at least 12 months prior to the entry of such Loan into the Portfolio;
    - (C) to refinance a loan made for the purposes listed in (vi)(A) or (vi)(B) above;

- (vii) the Loan was advanced for any of the following purposes:
  - (A) acquisition of residential properties;
  - (B) repairs, modifications and alterations to residential dwellings and buildings;
  - (C) construction of residential dwellings and buildings (if the construction has been completed at least 12 months prior to the Cut-Off Date); and/or
  - (D) to refinance an existing loan made for any of the purposes listed in (vii)(A), (vii)(B) or (vii)(C) above;
- (viii) the Loan is fully amortising and interest and principal are payable in monthly instalments by direct debit based on an annuity schedule;
- (ix) the Loan does not fall under any of the following product types:
  - (A) balloon loans;
  - (B) low start loans (other than those which are Preferential Rate Loans);
  - (C) home equity loans
  - (D) interest only loans; or
  - (E) loans currently in a grace period;
- (x) no notice of prepayment of the Loan has been given;
- (xi) the initial outstanding balance of the Loan was less than or equal to one hundred (100) per cent. of the value of the Property or Properties over which a Pre-Notation is granted as security for the Loan;
- (xii) the purchase price of the Property over which a Pre-Notation is granted as security for the Loan has been fully paid by the relevant Borrower;
- (xiii) in respect of the Loan, the relevant Pre-Notation securing such Loan has been registered in the relevant Land Registry in favour of the Seller rendering the relevant Pre-Notation a fully valid security interest for the performance of all payment obligations (including the repayment of all principal advances, interest, costs and expenses) under the Loan;
- (xiv) the Loan is secured in favour of the Seller by a first ranking Pre-Notation over the Residential Property to which the Loan relates, such Residential Property being located in Greece or, in cases where a prior ranking Mortgage or Pre-Notation exists over the Property either
  - (A) such Mortgage or Pre-Notation is in favour of a third party and the Seller has determined to its satisfaction acting as a Prudent Mortgage Lender that there are no claims capable of being made in connection with such prior ranking Mortgage or Mortgage Pre-Notation; or
  - (B) each such Mortgage or Pre-Notation is in favour of the Seller and the Seller has assigned its rights, title, interest and benefit in respect of

each prior ranking Mortgage or Pre-Notation, to the Issuer pursuant to the terms of the Mortgage Sale Agreement; or

- (C) the Mortgage(s) or Pre-Notation(s) is in favour of a third party and the Seller has determined that the aggregate of all amounts secured by such Mortgage(s) or Pre-Notation(s) does not exceed €1,500, as applicable;
- (xv) the Borrower at the time of the drawdown of the Loan was an individual aged over 18 and resident within the European Union, unless the Loan benefits from a co-Borrower or Guarantor who is an individual over 18 and resident in the European Union, and whose liabilities in respect of the Loan are equal to those of the Borrower;
- (xvi) all payments and repayments in respect of a Loan will be made by the relevant Borrower and/or Guarantor from an account which is located in Greece;
- (xvii) the Borrower is not and has not been in material breach of any term of the Loan Documentation;
- (xviii) a Teiresias search has been carried out in respect of the Borrower or Guarantors, if any, prior to drawdown of the Loan by the Borrower and no history of attachments, dishonoured cheques, pre-notations or mortgages or any Security Interest exist and are continuing and no step has been taken for his/her bankruptcy that has not been cured such as to prevent a Prudent Lender Mortgage Lender from granting the Loan taking into account all the facts specific for the particular application for the same;
- (xix) the Borrower is not an employee of the Piraeus Group;
- (xx) the Property in respect of which security has been given for the Loan has been valued by a certified engineer approved by the Seller or, where appropriate, according to a methodology which would meet the standards of a Prudent Mortgage Lender and which has been approved by the Seller;
- (xxi) a search of the relevant Land Registry and Cadastre (where applicable) for investigation of the title certificate in relation to the Property in respect of which security has been given for the Loan has been carried out prior to drawdown of the Loan by the Borrower in accordance with the Seller's procedures and no adverse entries have been found;
- (xxii) the Mortgagor has confirmed that the Property, in respect of which security has been given for the Loan, is covered by insurance against (where the property was constructed on and after 1st January 1960) fire and earthquake or (where the property was constructed prior to 1st January 1960) fire only, in an amount sufficient to cover (in respect of those Loans originated before 1st January 2002) the outstanding principal balance of the Loan or (in respect of those Loans originated on or after 1st January 2002) the reinstatement cost of the Property as it was at the time of the insurance appraisal or (in respect of OEK subsidised loans) the initial principal balance of the Loan;
- (xxiii) in respect of each Loan the purpose of which was the construction of a new property and where a Pre-Notation granted in respect of such Property, the Seller had determined that the construction was substantially completed at the time of the final advance of the Loan;
- (xxiv) the application for the Loan was approved by authorised employees of the Seller;

- (xxv) in respect of the Loan, the identity of the Borrower was confirmed by the Seller prior to the execution of the Loan Documentation;
  - (xxvi) in respect of each Loan, prior to the entry into the relevant Loan Documentation, the Borrower provided to the Seller at least one income tax statement for the purposes of income verification;
  - (xxvii) is a first economic lien Loan; and
  - (xxviii) when the Principal Outstanding Balance of such Loan (at the Cut-Off Date or, in respect of a Replacement Loan or Subsequent Loan, as at the relevant Repurchase Date or Subsequent Valuation Date) is aggregated with the Principal Outstanding Balance (on such date) of all other Loans owed by the same Borrower, such aggregate amount does not exceed 0.5% of the Principal Outstanding Amount of the Loans on such date.
- (r) Each Loan and its Related Security constitutes a legal, valid and binding obligation of the Borrower, co-Borrower (if any) and Guarantor, (if any), and is duly perfected and enforceable in accordance with the terms of the law and the Loan and Related Security, as applicable.
  - (s) The Seller has confirmed that insurance policies for fire and earthquake insurance (or in respect of those Properties constructed prior to 1960, fire insurance only) and (where applicable) life and permanent disability insurance have been taken out by, or on behalf of, a Mortgagor, and name the Seller as the primary sole loss payee under the relevant policy.
  - (t) The grantor of each Pre-Notation has a good and marketable title to the relevant Property.
  - (u) So far as the Seller at the time of origination is aware, no Property was or was used as a professional suite as at the time of origination of the relevant Loan.
  - (v) The Seller has complied with all relevant data protection laws in relation to the Loans comprising the Portfolio.
  - (w) The Seller has complied with all relevant consumer laws:
    - (i) in relation to the Loans comprising the Portfolio other than in respect of the Athens Court of Appeal decision 5253/03, Supreme Court decisions 1219/01 and 430/05, and Athens Multi-membered Court of First Instance decision No. 711/07; and
    - (ii) in respect of provisions of the Loan Documentation, other than those provisions which purport to:
      - (A) waive any rights of the guarantor under Articles 862-868 of the Greek Civil Code;
      - (B) allow the lenders to charge commissions, prepayment penalties and interest calculated on the basis of a 360 day year but charged on the basis of a 365 day year; and
      - (C) in construction loans, draw-down the entire amount of the loan in one tranche and deposit it in a blocked account from where funds are released gradually to the Borrower; the Borrower is charged with the loan interest rate even though the entire loan funds are not at the Borrower's disposal; and

- (D) change the interest rate unilaterally.
- (x) The Seller has properly recalculated interest and/or has charged interest that is due under each Loan in accordance with article 30 of law 2789/00, as amended by paragraph 1 of article 42 of law 2912/01 (and the laws for stay of enforcement under article 30 of law 2789/00, as amended by paragraph 1 of article 47 of law 2873/00 and law 2912/01, no longer apply thereto) and article 39 of law 3259/04 and no Borrower has requested a recalculation thereof.
  - (y) All Loans can be identified and segregated on any day.
  - (z) No Loan contains any provision allowing the deferral by the Borrower of scheduled interest payments.
  - (aa) Each Loan has been administered by the Seller
    - (i) according to a level of skill, care and diligence which a Prudent Mortgage Lender would apply if it were the owner of the Loans and
    - (ii) in accordance with its Operating Procedures Manual.
  - (bb) Each Loan and its Related Security complies with the Eligibility Criteria set out in Schedule 2 (Eligibility Criteria) to the Mortgage Sale Agreement.
  - (cc) Each Subsidised Loan has been originated in compliance with the relevant OEK Framework Agreement (in respect of Subsidised Loans subsidised by the OEK) or procedure set out by the applicable legislation (in respect of Subsidised Loans subsidised by the Greek State), as the case may be.
  - (dd) In respect of each Subsidised Loan, the relevant Borrower is required to pay the full amount of interest accruing on that Loan, notwithstanding any separate obligation of the Greek State and/or the OEK (as appropriate) to make subsidy payments in respect thereof.
  - (ee) In respect of each Subsidised Loan, subsidy payments to be made by the OEK and/or the Greek State were not taken into account in determining the interest that the relevant Borrower would be liable for under the Loan in calculating the DTI Ratio (as varied in the case of Subsidised Loans) for the purposes of compliance with the Lending Criteria.
  - (ff) In respect of each Loan, the Seller was at the time when any Additional Payment was made by the Borrower acting in good faith and was not aware that any such Additional Payment(s) were not lawfully charged to the Borrower as at such date.
  - (gg) In respect of each Loan, the Seller has not received written notice of any litigation or (to the best of the Seller's knowledge or belief) claim by a Borrower in respect of any Additional Payments.
  - (hh) In respect of each Loan, the Seller has since 1 January 2001, calculated interest on the basis of a 360 day year and has charged interest on the same basis.

In this document:

**Arrears** means in respect of any Loan, any amount which is outstanding after being due and payable by the relevant Borrower for more than 30 days in accordance with the terms and conditions of the relevant Loan Documentation;

**Guarantor** means, in relation to a Loan, the individual or individuals assuming an obligation to guarantee repayment of such Loan;

**Monthly Instalment Amount** means, in respect of a Loan, the amount which, under the terms of the relevant Loan Documentation, the relevant Borrower is obliged to pay to the lender on each monthly payment date specified therein;

**Mortgagor** means a Borrower, a co-Borrower or a Guarantor, as the case may be being the grantor of a Pre-Notation;

**OEK Framework Agreement** means the bilateral agreements dated February 2002 and September 2005 pursuant to which the OEK pays subsidies to the Seller in respect of the relevant Subsidised Loans;

**Piraeus Group** means Piraeus together with its subsidiaries and subsidiary undertakings;

**Preferential Period** means in relation to a Preferential Rate Loan, the initial period in which the Loan bears a preferential fixed interest rate;

**Preferential Rate Loan** means the loans that have a preferential fixed rate for an initial period from one to three years. This fixed rate is lower than the prevailing fixed rate which the Bank would provide for a respective period, for loans of the same category. The Bank quotes a rate for this one to three year period, after evaluating the capital cost for a total period from ten up to fifteen years. After the initial period during which the preferential fixed rate applies, the loan rate reverts to floating and is calculated on the basis of Euribor plus a spread;

**Property** means the property or properties securing each Loan and which is, under the terms of the relevant Loan Documentation, to be subject to a Pre-Notation in favour of the Seller;

**Prudent Mortgage Lender** means a prudent lender making loans to borrowers in Greece secured by pre-notations in respect of residential property;

**Residential Property** means a Property which was used for residential purposes at the time the Loan to which it relates was drawn down; and

**Security Interest** means any mortgage, mortgage pre-notation, pledge (including any pledge operating by law), lien, charge, assignment, hypothecation or security interest or other agreement or arrangement having the effect of conferring security.

**Subsidised Loan** means a Loan in respect of which interest payments are subsidised by the OEK and/or the Greek State.

Pursuant to the terms of the Mortgage Sale Agreement, the Seller will undertake to pay to the Issuer an amount equal to the amount of any reduction in any payment due with respect to any Loan sold to the Issuer as a result of any exercise of any right of set-off or deduction made by any Borrower or any Guarantor against the Seller.

The Seller will also undertake to provide information in respect of deposits held by Borrowers (including, without limitation, notifying and determining the amount and withdrawals made) on a monthly basis or at the request of the Issuer or any agent appointed on its behalf. In addition, the Seller will on a quarterly basis provide information in respect of the Additional Payments.

#### *Replacement Loans*

If a Loan or its Related Security fails to comply with the Eligibility Criteria or there is a breach of any of the Loan Warranties given by the Seller, then the Seller will have an obligation to remedy such breach prior to the next Interest Payment Date following receipt of written notice of such breach from the Issuer or the Trustee (unless such Interest Payment Date falls less than 21 days after the receipt by the Issuer of written notice of such breach by the Issuer or the Trustee in which case prior to the

Second Interest Payment Date to fall after receipt of such notice). If such breach is not capable of remedy, or, if capable of remedy, is not remedied by the next Interest Payment Date (or where applicable), the second following Interest Payment Date, the Seller has an obligation to repurchase the relevant Loan or procure the substitution of a similar loan and security in replacement of such Loan subject to the provisions of the Mortgage Sale Agreement.

The consideration payable by the Seller in relation to the repurchase of a relevant Loan (**Retired Loan**) will be an amount equal to the aggregate of: (a) the Principal Outstanding Balance of the relevant Retired Loan plus interest accrued thereon but not yet paid (including the interest not yet paid by the relevant Borrower and, where applicable, interest accrued thereon (claimed and unclaimed) but not yet paid by the OEK and/or the Greek State) as at the date of the repurchase (each a **Repurchase Date**); (b) any amount of principal waived pursuant to the provisions of the Servicing Agreement and/or not recovered on completion of the Enforcement Procedures in relation to the relevant Retired Loan; and (c) the costs and expenses properly documented and incurred by the Issuer and/or the Trustee in relation to such repurchase.

If a Loan expressed to be included in the Portfolio has never existed or has ceased to exist on the date on which it is due to be repurchased, the Seller will be required, on demand, to indemnify the Issuer against any and all liabilities suffered by the Issuer by reason of the breach of the relevant Warranty.

In addition, if a Borrower requests a variation to the rate of interest chargeable under a Loan and the Servicer is unwilling to make such a variation in accordance with the definitions of Permitted Variation and Rate Variation, the Seller may repurchase such Retired Loan, provided that the Seller sells to the Issuer one or more Replacement Loans (as defined below), having in aggregate a Principal Outstanding Balance of not less than 90 per cent. of the Retired Loan(s).

On any day a Retired Loan is to be repurchased and consideration to be paid by the Seller or any day on which the Seller is to make an indemnity payment, the Seller may sell Loans (**Replacement Loans**) to the Issuer such that the aggregate of the Principal Outstanding Balance of the Replacement Loans will be equal to or less than the consideration or indemnity payment in cash that is payable by the Seller to the Issuer on such day. The Issuer may discharge its liability to pay the consideration for a Replacement Loan by setting-off amounts due to it in respect of consideration for a Retired Loan or in respect of any other payment payable to the Issuer by the Seller.

All Replacement Loans must satisfy the following criteria (the **Replacement Loan Criteria**):

- (a) the Replacement Loan has to meet the Eligibility Criteria;
- (b) the weighted average Current LTV of the Replacement Loan(s) must be less than or equal to that of the corresponding Retired Loan;
- (c) the weighted average of the time since origination of the Replacement Loan(s) must be equal to or greater than that of the corresponding Retired Loan;
- (d) the weighted average of the Applicable Rate of the Replacement Loan(s) must be equal to or greater than that of the corresponding Retired Loan;
- (e) the weighted average time to maturity of the Replacement Loan(s) must be less than or equal to that of the corresponding Retired Loan;
- (f) the aggregate of the Principal Outstanding Balance(s) of the Replacement Loan(s) must be less than or equal to that of the corresponding Retired Loan;
- (g) the Loan Warranties being true in every material respect on the relevant Repurchase Date in respect of the Replacement Loan by reference to the facts and circumstances then subsisting; and

(h) the Replacement Loan is not a Subsidised Loan.

If two or more Retired Loans or Replacement Loans are being sold and purchased on the same Repurchase Date then the tests referred to in paragraphs (b) to (f) above will be determined as if there was one Retired Loan or Replacement Loan (as the case may be) and the relevant values and loan balances will be aggregated or averaged by weight of principal outstanding balance.

The Seller will, on the relevant Repurchase Date, repeat the Loan Warranties in respect of the relevant Replacement Loan, by reference to the facts and circumstances then subsisting.

Completion of the sale and purchase of any Replacement Loan on a Repurchase Date will be conditional on:

- (i) no Acceleration Notice in respect of the Notes having been delivered by the Trustee to the Issuer in accordance with the Conditions;
- (ii) the Seller not being in material breach of any of its obligations under the Mortgage Sale Agreement;
- (iii) the acquisition of the relevant Replacement Loan not causing the aggregate Principal Outstanding Balance, as at the date of their acquisition by the Issuer, of all Replacement Loans then in the Portfolio to exceed 15 per cent. of the aggregate Principal Outstanding Amount of the Loans as at the Cut-Off Date;
- (iv) the Seller executing and delivering all documents necessary to assign and sell the Replacement Loan and its Related Security to the Issuer; and
- (v) the Seller being in compliance with its obligations under the Set-Off (Additional Payments) Loan Agreement and the Set-Off (Deposits) Facility Agreement; and
- (vi) the registration of a form under the terms of Article 10, paragraphs 8 and 16 of the Securitisation Law approved by the Greek Ministry of Justice (ministerial decisions nos. 161337 and 161338 of 30th October, 2003) (a **Notification Form**) in respect of the relevant Replacement Loan(s).

If, as a result of a breach of any other representations and warranties, the Issuer suffers a loss, the Seller has an obligation to pay a compensation payment to the Issuer in respect of such loss.

#### *Subsequent Loans*

During the Revolving Period, subject to the terms of the Mortgage Sale Agreement, it is envisaged that the Issuer will acquire from the Seller, on a quarterly basis on each Interest Payment Date falling within the Revolving Period (a **Subsequent Transfer Date**) the Subsequent Loans which shall have substantially the same characteristics as the Loans in the Initial Portfolio.

As consideration for the acquisition of each portfolio of Subsequent Loans, the Issuer shall pay to the Seller a price (the **Subsequent Purchase Price**) equal to the Principal Outstanding Balance of all the Subsequent Loans to be sold at the relevant **Subsequent Valuation Date** (being the Calculation Date prior to each Subsequent Transfer Date) minus the Principal Outstanding Balance of any Loans that do not comply with the Loan Warranties on the Subsequent Transfer Date and minus any principal payments received between the Subsequent Valuation Date and the Subsequent Transfer Date on any Subsequent Loans to be sold, in full on the relevant Subsequent Transfer Date, in accordance with the Pre-Enforcement Principal Priority of Payments.

#### *Subsequent Loans Criteria*

The following criteria (the **Subsequent Loans Criteria**) shall apply in relation to any purchase of Subsequent Loans by the Issuer:

1. the Loan has to meet the Eligibility Criteria;
2. has a Principal Outstanding Balance of no less than €1,000 at the Subsequent Valuation Date;
3. the average of the Principal Outstanding Balance of all Loans following the purchase of the relevant Loan would be no more than €5,000 above the average of the Principal Outstanding Balance of all Loans as at the Cut-Off Date;
4. the Loan is fully disbursed;
5. the Borrower is not in Arrears;
6. the Borrower is employed and the employment status of the Borrower at the date of loan disbursement is known (employed, self-employed, civil servant, etc.);
7. in the case of a Loan which is a Subsidised Loan,
  - (a) the percentage of Subsidised Loans in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) after the purchase of such Subsidised Loan would be less than 2 per cent. above the percentage of all Subsidised Loans in the Portfolio (as determined by the aggregate Principal Outstanding Balance of the Loans) as at the Cut-Off Date; and
  - (b) the weighted average percentage of the interest payments of Loans included in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) in respect of which a Subsidy is paid, after the purchase of such Subsidised Loan would be less than or equal to 5 per cent above such percentage (as determined by the aggregate Principal Outstanding Balance of the Loans) as calculated at the Cut-Off Date;
8. in the case of a Loan in respect of which the purpose of the Loan was the construction of residential dwellings and buildings, construction has been completed at least 12 months prior to the relevant Subsequent Valuation Date and a full valuation was made at the time of completion of the property;
9. in the case of a Loan which is a construction loan, the percentage of construction loans included in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) after purchase of such Loan would be less than or equal to 5 per cent. above the percentage of such Loans in the Portfolio (as determined by the aggregate Principal Outstanding Balance of the Loans) as at the Cut-Off Date ;
10. in the case of a Loan which was made for the purpose of making repairs, modifications and alterations to residential dwellings and buildings, the percentage of such loans in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) following the purchase of such Loan would be less than or equal to 5 per cent. higher than such percentage of such Loans in the Portfolio (as determined by the aggregate Principal Outstanding Balance of the Loans) as at the Cut-Off Date;
11. in the case of a Loan in respect of which the interest rate is fixed for a pre-determined period (whether at a preferential fixed rate or otherwise), the percentage of Loans bearing a fixed rate of interest included in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) after purchase of such Loan, would not be more than 5 per cent. above the

percentage of such Loans in the Portfolio (as determined by the aggregate Principal Outstanding Balance of the Loans) as at the Cut-Off Date;

12. in the case of a Loan in respect of which the interest rate is in a Preferential Period, the percentage of Loans in a Preferential Period included in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) after purchase of such Loan, would not be more than 5% above the percentage of such Loans in the Portfolio (as determined by the aggregate Principal Outstanding Balance of the Loans) as at the Cut-Off Date;
13. in the case of a Loan which has a current loan to value ratio which is higher than the weighted average loan to value ratio as at the Cut-Off Date, the weighted average loan to value ratio of all such Loans included in the Portfolio after such purchase would be less than or equal to 1 per cent. higher than such percentage as at the Cut-Off Date;
14. the Loan has a current LTV (as at the Subsequent Valuation Date) of no more than 100.00 per cent.;
15. in the case of a Loan with a loan to value ratio as at the date of origination of such Loan which was higher than the weighted average loan to value ratio of the Initial Portfolio, the weighted average loan to value ratio of the Loans in the Portfolio following the purchase of such Loan would be less than or equal to 1 per cent. above the weighted average loan to value ratio of the Loans in the Initial Portfolio as at the Cut-Off Date;
16. in the case of a Loan with an loan to value ratio as at the date of origination of such Loan which was higher than 90 per cent., the percentage of the Portfolio (as determined by the Principal Outstanding Amount of the Loans) represented by Loans which had an original Loan to Value ratio as at the Cut-off Date in excess of 90 per cent. is less than or equal to 2 per cent. higher than such percentage (as determined by the aggregate Principal Outstanding Balance of the Loans) as at the Cut-Off Date;
17. in the case of a Loan on which the Borrower is obliged to pay interest at a floating rate of interest, the Loan has a minimum spread over EURIBOR of 0.80 per cent., provided that the weighted average spread over EURIBOR of Loans in the Portfolio, following the purchase of such Loan is greater than 1.00 per cent.;
18. in the case of a fixed rate Loan on which the Borrower is obliged to pay interest at a floating rate of interest during its variable period, the Loan has in its variable period (i) a minimum spread over EURIBOR of 0.80 per cent., provided that the weighted average spread over EURIBOR for the fixed rate loans is greater than 1.00 per cent.;
19. in the case of a Loan which has a remaining term which is above the weighted average remaining term as at the Cut-Off Date, the weighted average remaining term of the Portfolio following the purchase of such Loan would be less than twelve months greater than the weighted average remaining term of the Initial Portfolio as at the Cut-Off Date;
20. in the case of a Loan which has a seasoning which is below the weighted average seasoning of the Initial Portfolio as at the Cut-Off Date, the weighted average seasoning of the Portfolio following the purchase of such Loan would be greater than the weighted average seasoning of the Initial Portfolio as at the Cut-Off Date less 3 months;
21. the ratio of the Borrower's debt to income for the Loan is less than or equal to 40 per cent.;
22. in the case of a Loan which was made to a Borrower who is self-employed, the percentage of such loans in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) following the purchase of such Loan would be less than or equal to 5 per cent. higher than

such percentage (as determined by the aggregate Principal Outstanding Balance of the Loans) as at the Cut-Off Date;

23. in the case of a Loan which is secured on a property that is other than owner occupied at the time of origination, the percentage of such loans in the Portfolio (as determined by the Principal Outstanding Amount of the Loans) following the purchase of such Loan would be less than or equal to 5% higher than such percentage (as determined by the aggregate Principal Outstanding Balance of the Loans) at the Cut-Off Date; and
24. in the case of Loans with a Principal Outstanding Balance greater than €1,000,000 on the Subsequent Valuation Date, the percentage of the Portfolio (as determined by the Principal Outstanding Amount of the Loans) represented by Loans which are greater than €1,000,000 following the purchase of such loans would be less than 1% greater than such percentage (as determined by the aggregate Principal Outstanding Balance of the Loans) at the Cut-Off Date.

The Mortgage Sale Agreement also provides that the representations and warranties given by the Seller will be deemed to be repeated, *mutatis mutandis*, in connection with every transfer of Subsequent Loans made by the Seller pursuant to the Mortgage Sale Agreement, in relation to the facts and circumstances at the relevant Subsequent Transfer Date.

The Mortgage Sale Agreement will be governed by English law.

### **Greek Assignment Agreement**

The Issuer will enter into the Greek Assignment Agreement with the Seller on the Closing Date pursuant to which the Seller will assign, pursuant to article 445 *et seq.* of the Greek Civil Code, all of its interests in and arising from the Loans and related rights and privileges (including the Related Security) to the Issuer. The Greek Assignment Agreement will be subject to the terms and conditions of the Mortgage Sale Agreement. The Issuer will also enter into documents in the form of the Greek Assignment Agreement in connection with the assignment of such rights and privileges to the Issuer in connection with the sale and purchase of all Replacement Loans and Subsequent Loans.

The Greek Assignment Agreement will be governed by Greek law.

### **Trust Deed**

The Notes will be constituted by the Trust Deed. Pursuant to the terms of the Trust Deed, the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement. The Noteholders will have the power (exercisable by an Extraordinary Resolution of each Class of Notes) or, if none of the Notes remains outstanding, all of the Other Secured Parties will have the power to remove any trustee or trustees for the time being under the Trust Deed. The Issuer undertakes that it will use all reasonable endeavours to procure a new trustee to be appointed as soon as reasonably practicable after the Trustee under the Trust Deed retires or is removed. The retirement or removal of any such trustee will not become effective until a successor trustee is appointed. If a successor trustee has not been appointed within two months after the date of the notice of retirement of the Trustee, then the retiring Trustee may appoint its own successor trustee.

The Trust Deed also provides for the indemnification and exoneration of the Trustee as further described in Condition 13 (*Indemnification and Exoneration of the Trustee*).

The Trust Deed will be governed by English law.

## **Deed of Charge**

The Issuer will enter into the Deed of Charge on the Closing Date with the Secured Parties. Under the Deed of Charge, the Issuer will grant fixed and floating security over all of its assets (other than those charged pursuant to Paragraph 18 of Article 10 of the Securitisation Law) in favour of the Trustee for the benefit of the Secured Parties.

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 and Paragraph 18 of Article 10 of the Securitisation Law. The proceeds of any such enforcement of the Deed of Charge and Paragraph 18 of Article 10 of the Securitisation Law will be required to be applied by the Trustee in accordance with the order of priority set out in the Post-Enforcement Priority of Payments.

The Deed of Charge will be governed by English law.

## **Cash Management Agreement**

The Cash Manager will provide certain cash management services (the **Cash Management Services**) pursuant to the terms of the Cash Management Agreement. Among other things, the Cash Manager will be required to determine and record all Receipts, to determine the amounts of any losses suffered in respect of the Portfolio (based entirely on information received from the Servicer), to determine the amounts of any deficiencies relating to the Notes, and to arrange for the making of payments to the Noteholders, the Other Secured Parties (as defined in Condition 3(a) (*Status and Relationship between Classes of Notes*)) and to certain other third parties and to manage the Issuer's obligations to make payments under the Swap Agreement in accordance with the Priority of Payments.

The Cash Manager will carry out certain services in relation to the Issuer Bank Accounts on behalf of the Issuer:

- (a) operating the Issuer Bank Accounts in such a manner as to enable the Issuer to perform its financial obligations pursuant to the Notes and the Transaction Documents;
- (b) providing the Issuer and the Trustee with certain cash management, calculation, notification and reporting information in relation to the Issuer Bank Accounts;
- (c) taking the necessary action and giving the necessary notices to ensure that the Issuer Bank Accounts are credited with the appropriate amounts in accordance with the Cash Management Agreement;
- (d) taking all necessary action to ensure that all payments are made out of the Issuer Bank Accounts in accordance with the Cash Management Agreement and the Conditions;
- (e) maintaining adequate records to reflect all transactions carried out by or in respect of the Issuer Bank Accounts;
- (f) calculating amounts (based entirely on information received from the Servicer) received in respect of the Levy and transferring such amounts to the Servicer or, following replacement of the Servicer, to the Bank of Greece or other competent authority responsible for its collection;
- (g) following a default by the Set-Off (Additional Payments) Loan Provider under the Set-Off (Additional Payments) Loan Agreement, drawing all or some of the commitment under the Set-Off (Additional Payments) Loan and depositing it in the Set-Off (Additional Payments) Reserve Account; and

- (h) following a default by the Set-Off (Deposits) Loan Provider under the Set-Off (Deposits) Facility Agreement drawing all or some of the commitment under the Set-Off (Deposits) Facility, and depositing it in the Set-Off (Deposits) Reserve Account.

On each Calculation Date, the Cash Manager shall, on the basis of the information supplied to it by the Servicer, the Issuer Account Bank and, as the case may be, the Swap Provider calculate the Income Receipts.

In order to fulfil its obligations, the Cash Manager will rely on being provided with certain information from other parties. This will include:

- (i) the quarterly Servicer Report, to be delivered on or before each Servicer Report Date, pertaining to the immediately preceding Collection Period;
- (ii) the Monthly Servicer Report to be delivered by the Servicer on or before the 10th day of each calendar month;
- (iii) a report from the Issuer Account Bank, on or before each Servicer Report Date, as to the interest accrued on the Issuer Bank Accounts and income received in respect of Authorised Investments, pertaining to the immediately preceding Collection Period; and
- (iv) a report from the Swap Provider four Business Days following each Servicer Report Date, setting out the amount of the Swap Income for the Interest Period ending immediately following such Calculation Date.

Following the end of each Interest Period, the Cash Manager will prepare and provide certain reports to the Noteholders, the Swap Provider, and the Rating Agency.

The Cash Management Agreement will be governed by English law.

### **Swap Agreement**

The Issuer will enter into Swap Transaction with the Swap Provider to mitigate the Issuer's interest rate exposure arising as a result of differences between the rates of interest charged on the Loans and the rates at which the Notes bear interest.

The Swap Transaction entered into by the Issuer will be documented under a 1992 ISDA Master Agreement (Multicurrency – Cross Border), as amended and supplemented from time to time (the **Swap Agreement**), and will be an over-the-counter transaction negotiated at arm's length between the Issuer and the Swap Provider.

The Swap Transaction may be terminated in accordance with certain events of default and termination events (each as defined in the Swap Agreement) commonly found in standard ISDA documentation.

The Swap Transaction will be terminable by one party if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) the Notes are redeemed in full pursuant to Condition 6(c) or (d) (*Redemption*), or (iii) an Acceleration Notice is served. Events of Default in relation to the Issuer will be limited to (i) certain insolvency events, and (ii) the service of an Acceleration Notice.

If the rating of the Swap Provider falls below the relevant rating specified (in accordance with the requirements of the Rating Agency) in the Swap Agreement, at any time, then the Swap Provider will be required within the time period specified in the Swap Agreement to take certain remedial measures as set out in the Swap Agreement which include:

- (a) where permitted, the posting of collateral to be held in the Swap Provider Collateral Account in an amount or value determined in accordance with the relevant swap collateral guidelines specified in the Swap Agreement;
- (b) the provision of a guarantee of a third party or procurement of a co-obligor with the rating specified in the relevant Swap Agreement, provided that any such guarantee satisfies any applicable guarantee criteria of the Rating Agency;
- (c) the transfer of all its rights and obligations under the relevant Swap Agreement to a replacement third party (which may include any affiliate of the Swap Provider) with the ratings specified in the relevant Swap Agreement; or
- (d) such other action as the Swap Provider may agree with the Rating Agency so as to result in any Notes then outstanding, following the taking of such other action, not being rated lower than the rating of such Notes immediately prior to the downgrade of the Swap Provider by the Rating Agency.

If the Swap Provider fails to take one of the above-mentioned remedial measures within the time prescribed, then the Issuer will, subject to certain conditions including, in relation to the Swap Agreement, the finding of a replacement counterparty, be entitled to terminate the relevant Swap Agreement.

Any replacement Swap Provider will become a Secured Creditor and will be required to accede to the Cash Management Agreement and Deed of Charge and agree to the order of priority of payments contained therein. Any costs, expenses and taxes incurred by the Issuer from remedying a breach of the above obligations shall be payable by the Swap Provider.

Upon the occurrence of any termination of the Swap Agreement, the Issuer or a Swap Provider may be liable to make a termination payment to the other. The amount of any termination payment will be based on the market value of the terminated Swap Agreement.

Where the Swap Provider is liable to make a termination payment under the Swap Agreement and collateral is held in the Swap Provider Collateral Account, this collateral will be used to meet the Swap Provider's liability to the Issuer. Any Exces Swap Collateral shall be paid directly to the Swap Provider outside the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable.

In the event that the Issuer is required to withhold or deduct from any payments payable by it to the Swap Provider an amount in respect of tax, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay to the Swap Provider such amounts as are required to ensure that the Swap Provider receives the same amount that it would have received had such withholding or deduction not been made.

In the event that the Swap Provider is required to withhold or deduct from any payments payable by it to the Issuer an amount in respect of tax, the Swap Provider will be required pursuant to the terms of the Swap Agreement to pay to the Issuer such amounts as are required to ensure that the Issuer receives the same amount that it would have received had such withholding or deduction not been made.

In either event, the Swap Agreement will provide that if, due to action taken by a relevant taxing authority or court or any change in tax law, the Swap Provider will (or there is a substantial likelihood that it will) either (i) receive any payment under the Swap Agreement from the Issuer from which an amount is required to be deducted or withheld for or on account of tax, or (ii) pay an additional amount under the Swap Agreement to ensure that the Issuer receives the same amount that it would have received had such withholding or deduction not been made (each being a **Tax Event**), the Swap Provider will be required promptly to notify the Issuer thereof and use its reasonable endeavours to

transfer its rights and obligations under the Swap Agreement to another office, branch or affiliate to avoid the relevant Tax Event. If no such transfer can be affected within 30 days of such notice being given, the Swap Provider will be entitled to terminate the Swap Transaction.

The Swap Provider may, at its own discretion and its own cost, novate all of its rights and obligations under the Swap Agreement to any third party provided that, inter alia, such third party has the minimum credit rating required by the Rating Agency (as specified in the Swap Agreement) and that any such novation has been notified to the Trustee.

The Swap Provider will, on or about five Business Days following each Servicer Report Date, supply to the Cash Manager a report setting out the amount of the Swap Income for the Interest Period ending immediately following such Calculation Date.

The Swap Agreement will be governed by English law.

### **Bank Account Agreement**

The Issuer, the Cash Manager and the Trustee will enter into an account agreement with the Issuer Account Bank whereby the Issuer Account Bank will open the Issuer Collection Account, the Issuer Transaction Account, the Set-Off (Additional Payments) Reserve Account, the Set-Off (Deposits) Reserve Account and the Reserve Account in the name of the Issuer. The Issuer Account Bank will agree to open and maintain the Issuer Bank Accounts which are to be held in the name of the Issuer and provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Issuer Bank Accounts. Amounts standing to the credit of any Issuer Bank Account will be invested by the Cash Manager on a non-discretionary basis in Authorised Investments and the income from such Authorised Investments will accrue to the relevant Issuer Bank Account.

The Issuer Account Bank will agree to comply with any instructions given by the Cash Manager or the Issuer (and in relation to directions given by the Issuer, as confirmed in writing by the Trustee) or the Trustee in relation to the management of the Issuer Bank Accounts. The Issuer Account Bank will waive all rights of set-off which it may have in respect of the Issuer Bank Accounts.

If the short-term, unsecured, unsubordinated and unguaranteed debt rating of the Issuer Account Bank are downgraded below the requisite ratings, set out in the Bank Account Agreement (being a rating assigned to its short term, unsecured and unsubordinated debt obligations of at least F1 by Fitch), the Issuer must use reasonable endeavours to find a substitute issuer account bank with the requisite short-term debt rating and move the Issuer Bank Accounts (and the balances standing to the credit thereto) to such substitute issuer account bank within 30 calendar days.

The Bank Account Agreement will be governed by English law.

### **Corporate Services Agreement**

The Issuer will enter into the Corporate Services Agreement with the Corporate Services Provider on the Closing Date. Under the Corporate Services Agreement, the Corporate Service Provider will agree to provide certain corporate book-keeping, secretarial and accounting services to the Issuer. In return for the services so provided, the Corporate Services Provider will receive a fee payable by the Issuer in accordance with the Priority of Payments.

The Corporate Services Provider will provide corporate administration and secretarial services to the Issuer which will include: (a) dispatch of shareholder and board meeting notices; (b) handling enquiries and making appropriate filings (or assisting the Issuer's auditors in so doing) with regulatory bodies; (c) keeping and maintaining books, records and statutory accounts and procuring that the same are distributed to relevant parties; (d) advising on the appointment of company lawyers and auditors

and supervising performance of any agents of the relevant companies; and (e) maintaining registrations and licences.

No termination of the appointment of the Corporate Services Provider may occur unless a successor corporate services provider acceptable to the Issuer has been appointed and has acceded to the terms of the Corporate Services Agreement.

The Corporate Services Agreement will be governed by English law.

### **Subordinated Reserve Loan Agreement**

The Subordinated Loan Provider will, pursuant to the Subordinated Reserve Loan Agreement, make a Subordinated Reserve Loan to the Issuer.

The Subordinated Reserve Loan will be for a principal amount of €21,250,000 and will be drawn in full by the Issuer on the Closing Date in order to fund the Reserve Account.

Interest on the Subordinated Reserve Loan will be paid by the Issuer on each Interest Payment Date or following enforcement of the Security on any Business Day subject to and in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

Amounts drawn down under the Subordinated Reserve Loan will be partially repaid by the Issuer on each Interest Payment Date or following enforcement of the Security on any Business Day from Available Funds or Available Security Funds, as applicable in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

All amounts outstanding under the Subordinated Reserve Loan will be due and payable on the earlier of (i) the Interest Payment Date on which all Notes have been repaid in full, and (ii) the Final Maturity Date. If the Subordinated Reserve Loan remains outstanding after the Step-Up Date, the Issuer will repay the outstanding amount on the succeeding Interest Payment Dates or following enforcement of the Security on any Business Day in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

The Subordinated Reserve Loan Agreement will be governed by English law.

### **Set-Off (Additional Payments) Loan Agreement**

The Set-Off (Additional Payments) Loan Provider will, pursuant to the Set-Off (Additional Payments) Loan Agreement, make the Set-Off (Additional Payments) Loan to the Issuer in an amount equal to the aggregate of the Additional Payments that the Set-Off (Additional Payments) Loan Provider has received from the Borrowers up until the Closing Date. The Issuer will also be entitled to draw down further amounts to the extent of the aggregate of the Additional Payments determined for a Borrower under a Replacement Loan or a Subsequent Loan that the Issuer purchases from the Seller as at the date of purchase of such Replacement Loan or, as the case may be, Subsequent Loan .

The proceeds of the Set-Off (Additional Payments) Loan will be paid into the Set-Off (Additional Payments) Reserve Account. Interest on the Set-Off (Additional Payments) Loan will be paid by the Issuer on each Interest Payment Date or following enforcement of the Security on any Business Day in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

Interest earned by the Issuer on the amounts standing to the credit of the Set-Off (Additional Payments) Reserve Account will be transferred on the last day of each month to the Issuer Collection Account and will form part of the Receipts.

Amounts drawn down under the Set-Off (Additional Payments) Loan will be partially repaid by the Issuer from Available Funds or Available Security Funds, as the case may be, on each Interest Payment Date or following enforcement of the Security on any Business Day in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments.

All amounts outstanding under the Set-Off (Additional Payments) Loan are additionally repayable from amounts standing to the credit of the Set-Off (Additional Payments) Reserve Account from time to time in the following circumstances:

- (a) if the Seller is obliged to make a payment under the Mortgage Sale Agreement in respect of an amount that a Borrower sets off or otherwise deducts from any amount payable by such Borrower under a Loan in respect of claims which that Borrower has against the Seller in respect of Additional Payments, the Issuer will be obliged to make a repayment of the Set-Off (Additional Payments) Loan in an equal amount, which obligation it can set off against the amount due to it from the Seller under the Mortgage Sale Agreement;
- (b) to the extent that an Additional Payment determined in respect of a Borrower exceeds the Principal Outstanding Balance of the relevant Loan, the Set-Off (Additional Payments) Loan will be repayable in an amount equal to such excess;
- (c) following the repayment of a Loan in full by the relevant Borrower, the Set-Off (Additional Payments) Loan will be repaid in an amount equal to the Additional Payment determined in respect of such Borrower;
- (d) if each of the Trustee and the Rating Agency is satisfied that there is a change in law which prevents the Borrowers from setting-off Additional Payments against the Issuer in respect of claims that they have or may have against the Set-Off (Additional Payments) Loan Provider and the Rating Agency have confirmed that the repayment of that part of the Set-Off (Additional Payments) Loan representing such amounts will not result in the downgrade of the then current ratings of the Notes, the Issuer will repay any part of the Set-Off (Additional Payments) Loan representing such amounts; and
- (e) the Set-Off (Additional Payments) Loan will be repaid in full at the amount then outstanding at the earlier to occur of (i) the date falling five years after the Final Maturity Date or (ii) the date on which all Notes are discharged in full.

Repayments in respect of the Set-Off (Additional Payments) Loan will occur on Interest Payment Dates only.

The Set-Off (Additional Payments) Loan Agreement will be governed by English law.

### **Set-Off (Deposits) Facility Agreement**

The Set-Off (Deposits) Loan Provider will, pursuant to the Set-Off (Deposits) Facility Agreement, make available to the Issuer a stand-by loan facility (the **Set-Off (Deposits) Loan Facility**). The Set-Off (Deposits) Loan will on the Closing Date have a facility limit (the **Set-Off (Deposits) Facility Commitment**) equal to the Deposit Contributions, being as at the Closing Date, approximately € €82,183,183.35.

After the Closing Date the Set-Off (Deposits) Facility will be adjusted so that at any time it will consist of the aggregate of the Deposit Contribution in respect of all Loans in the Portfolio.

The Set-Off (Deposits) Facility will be drawn by the Issuer in full on the Rating Downgrade Date.

Following the Rating Downgrade Date and so long as the Rating Downgrade is continuing:

- (i) any decrease in the Set-Off (Deposits) Facility Commitment will result in repayment of an amount equal to such decrease on the following Interest Payment Date or if earlier the next following Set-Off (Deposits) Adjustment Date; and
- (ii) any increase in the Set-Off (Deposits) Facility Commitment, as a result of a Loan becoming a Loan in respect of which any amount has been or is being claimed from a Guarantor, will result in a further drawing under the Set-Off (Deposits) Facility, in an amount equal to the Deposit Amount in respect of any Guarantor of such Loan,

provided always that such repayment or drawing will be subject to the Set-Off (Deposits) Reserve Account being, and remaining after such repayment, funded in an amount no less than the Set-Off (Deposits) Facility Commitment.

The amounts drawn under the Set-Off (Deposits) Facility Agreement will constitute a borrowing under it (the **Set-Off (Deposits) Loan**). Once drawn the Set-Off (Deposits) Loan will be paid into the Set-Off (Deposits) Reserve Account and such amounts together with any other amounts standing to the credit of the Set-Off (Deposits) Reserve Account will constitute a fund (the **Set-Off (Deposits) Fund**). Interest on the Set-Off (Deposits) Loan will be paid by the Issuer on each Interest Payment Date or following enforcement of the Security on any Business Day in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. Interest earned by the Issuer on the amounts standing to the credit of the Set-Off (Deposits) Reserve Account will be transferred on the last day of each month to the Issuer Collection Account and will form part of the Receipts.

Other than interest paid in respect of the Set-Off (Deposits) Loan as stated above, no commitment or other fees will be payable by the Issuer in respect of Set-Off (Deposits) Loan Agreement.

The principal amount of the Set-Off (Deposits) Loan will be repaid in full (but the Set-Off (Deposits) Facility Commitment will not be affected) on the Interest Payment Date or if earlier the Set-Off (Deposits) Adjustment Date, in each case following a subsequent Rating Upgrade.

If the Seller is obliged to pay an MSA Indemnity Amount in respect of any set-off or counterclaim exercised by a Borrower or (in respect of those Loans where any amount has been or is being claimed from a Guarantor only) Guarantor in relation to any Deposit Amount and fails to do so, the Issuer will be entitled to deduct an equal amount from the Set-Off (Deposits) Reserve Fund and set it off against the MSA Indemnity Amount due to it from the Seller.

Repayment of the Set-Off (Deposits) Loan may be made on an Interest Payment Date or, if earlier the Set-Off (Deposits) Adjustment Date, in each case following a Rating Upgrade (and before a subsequent Rating Downgrade) by making a withdrawal from amounts standing to the credit of the Set-Off (Deposits) Reserve Account in an amount (being greater than zero) equal to (i) the principal amount outstanding under the Set-Off (Deposits) Facility as at such date; less (ii) the Set-Off (Deposits) Facility Limit as at the relevant Interest Payment Date or Set-Off (Deposits) Adjustment Date, as applicable.

Additionally, amounts drawn down under the Set-Off (Deposits) Loan will be partially repaid by the Issuer on each Interest Payment Date from Available Funds or following enforcement of the Security on any day from Available Security Funds in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. The Set-Off (Deposits) Facility (or, if drawn the Set-Off (Deposits) Loan) will be cancelled (and/or, as the case may be, the outstanding principal amount of the Set-Off (Deposits) Loan repaid) in full on the earlier of:

- (a) the date falling five years after the Final Maturity Date; and
- (b) the date on which:

- (i) prior to the enforcement of the Security, the Trustee or, if all Notes have been redeemed in full, the Issuer, is satisfied (in each case in its absolute discretion) that the Issuer has no further actual or contingent liabilities in respect of any Deposit Amounts; or
- (ii) following the enforcement of Security, the date on which the Trustee or, if all the liabilities owing by the Issuer to the Secured Parties under the Transaction Documents have been discharged in full and the Security released, the Issuer, is satisfied (in each case in its absolute discretion) that no further withdrawals from the Set-Off (Deposits) Reserve Account are required to be made by the Cash Manager in respect of amounts that Borrowers or (in respect of those Loans where any amount has been or is being claimed from a Guarantor) Guarantors may set-off or deduct from amounts payable under the Loans in respect of amounts payable by the Set-Off (Deposits) Loan Provider to the Borrowers and such Guarantors, in accordance with the Cash Management Agreement.

Reductions in the Set-Off (Deposits) Facility or, following a Rating Downgrade Date and for so long as the Rating Downgrade is continuing any repayments or further drawings under the Set-Off (Deposits) Facility will occur, subject to receipt of information of the Deposit Amounts from the Cash Manager or the Servicer, as the case may be, on the 12<sup>th</sup> day of each month.

The Set-Off (Deposits) Facility Agreement will be governed by English law.

The following terms shall have the corresponding following meanings:

**Additional Payments** means, in respect of any loan made by the Seller to a Borrower whose Loan forms part of the Portfolio, any:

- (a) additional payments (not representing principal repayable on or interest accrued in respect of such Loan) required to be made by such Borrower upon prepayment or other redemption of such Loan prior to its due date;
- (b) the difference (if any) between interest being calculated on a Loan on the basis of a 360 day year and interest being charged on a Loan on the basis of a 365 day years;
- (c) any commissions or other charges paid by the Borrowers in respect of an application for the making of a Loan;
- (d) in the case of a Loan providing for partial or staggered drawdowns, where the principal amount of such Loan was required to be drawn down in full and to the extent unutilised, deposited in an account with the Originator, the amount by which (i) the amount of interest paid by the relevant Borrower to the Originator on the unutilised portion of the Loan and exceeds (ii) the amount of interest paid by the Originator to the Borrower on the amount required to be deposited with the Originator as at the Closing Date; and
- (e) any interest which the Borrower is entitled to claim in respect of any amounts described in (a), (b), (c) or (d) above which it has previously paid to the Seller; and

in each case which is reclaimable by the Borrower from the Seller pursuant, in respect with cases under (a), (b), (c) and (e) to the Final Class Action Decision and, in respect with cases under (d) and (e), to the Second Class Action Interim Decision.

**Change in Law Date** means the date (if any) on which the Trustee is satisfied (in its absolute discretion) that there is or has been a change in law or jurisprudence in the Hellenic Republic to the effect that the Borrowers will not be able to set-off any amount payable by them in respect of their

Loans against any amount payable by the Set-Off (Deposits) Loan Provider or the Issuer to them (whether in respect of Deposit Amounts or otherwise).

**Official Rate** means, at any time, the official default interest rate applied by the Greek courts in respect of amounts which have been adjudged to be due to successful litigants.

**Closed Deposit Account** means an account of a Borrower with the Seller where Deposit Amounts were deposited but which has now closed and all the relevant Deposit Amounts have been repaid to that Borrower.

**Closed Deposit Amount** means in respect of each Loan a Deposit Amount which has been placed on deposit with the Seller in respect of an account which has subsequently become a Closed Deposit Account.

**Deposit Amount** means:

- (a) in respect of each Loan in the Initial Portfolio, the aggregate amount of the relevant Borrower's and (in respect of those Loans where any amount has been or is being claimed from a Guarantor) Guarantor's funds placed on deposit with the Seller (the **Initial Deposit Amount** and the aggregate of all Initial Deposit Amounts of all Loans in the Initial Portfolio (the **Initial Deposit Amounts**) being approximately €82,183,183.35 less the aggregate of any amount withdrawn from the relevant Borrower's or Guarantor's account held with the Seller since the Closing Date); and
- (b) in respect of a Replacement Loan, the aggregate amount of the relevant Borrower's and (in respect of those Loans where any amount has been or is being claimed from a Guarantor) Guarantor's funds placed on deposit with the Seller, being (as at the relevant Repurchase Date) the amount notified as such by the Seller to the Issuer under the Mortgage Sale Agreement less the aggregate of any amount withdrawn from the relevant Borrower's or, if applicable, Guarantor's account held with the Seller since the date that the Loan was transferred to the Issuer,

and provided that a Deposit Amount which is either a Matured Time Deposit Amount or a Closed Deposit Amount shall be deemed to be zero.

**Deposit Contribution** means, in respect of a Loan at any time, the lower of:

- (a) the Deposit Amount of that Loan at such time; and
- (b) the Principal Outstanding Balance of such Loan at such time.

**Indemnity Amount** means each amount which the Seller is obliged to pay to the Issuer pursuant to the Mortgage Sale Agreement in respect of Exposure Amounts.

**Matured Time Deposit Amount** means in respect of each Loan, a Deposit Amount which had been placed on deposit with the Seller for a period of an agreed maturity which has matured.

**Post-Closing Additional Payments** means, in respect of a Loan, Additional Payments which have been paid by the relevant Borrower on or after the Closing Date (or, in respect of Replacement Loans, the relevant Repurchase Date).

**Pre-Closing Additional Payments** means, in respect of a Loan, Additional Payments which have been paid by the relevant Borrower prior to the Closing Date.

**Set-Off (Deposits) Advance** means each advance made under the Set-Off (Deposits) Facility Agreement from time to time.

## ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES

*Estimated weighted average lives of the Notes refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in reduction of principal of such security (assuming no losses). The estimated weighted average life of the Notes will be influenced by, amongst other things, the rate at which the principal of the Loans is paid, which may be in the form of scheduled amortisation, prepayments or liquidations.*

*Any difference between the assumptions set out below and the actual performance and characteristics of the Loans will cause the estimated weighted average life of the Notes to differ (which difference can be material) from the corresponding information in the table. The actual characteristics and performance of the Loans are likely to differ from the assumptions set out below used in constructing the table, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment assumptions (inclusive of scheduled and unscheduled principal receipts).*

The following table is prepared on the basis of certain assumptions, as described below, regarding the weighted average characteristics of the Loans and the performance thereof. The table assumes, among other things, that if:

- (a) the Provisional Portfolio is subject to a constant annual rate of prepayment (**CPR**) (comprising unscheduled principal redemption) as set out under CPR;
- (b) no Borrowers are offered and accept different mortgage products by Piraeus;
- (c) no Loans are repurchased by the Seller;
- (d) no Replacement Loans are purchased by the Issuer;
- (e) the Performance Criteria are met on each Interest Payment Date;
- (f) the Notes are redeemed in full on the Step-Up Date;
- (g) the Loans are fully performing at all times;
- (h) the interest rates in respect of the Loans remain stable at current levels;
- (i) the Notes will not be subject to any deferral of interest, pursuant to Condition 5 (*Interest*);
- (j) the Issuer will on each Interest Payment Date, make a payment of Deferred Consideration to the Seller;
- (k) all Loans comprised in the Provisional Portfolio will, on and after the Closing date, have the same payment profile, life and duration;
- (l) during the Revolving Period any funds available for such purpose are used to purchase Subsequent Loans and that the pool of Loans after the Revolving Period has the same characteristics as the pool at the Closing Date;
- (m) the Issuer will not retain any principal from the Loans, other than as specifically provided for in the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable;
- (n) the Principal Outstanding Balance of the Loans is at all times equal to the Principal Amount Outstanding of the Notes;

- (o) there will be no recoveries of principal, whilst any Notes are outstanding;
- (p) each Interest Payment Date will fall on the 27th day of March, June, September and December as applicable with the first Interest Payment Date falling in September 2008; and
- (q) the Closing Date is 24 April 2008.

the approximate weighted average lives of the Notes if redeemed in full on the Step-Up Date, at various assumed rates of prepayment of the Loans, would be as follows:

CPR (%)	Class A Notes			Class B Notes		
	Average life (in years)	First principal payment date	Expected maturity	Weighted Average life (in years)	First principal payment date	Expected maturity
0	6.63	Sep-10	Jun-15	7.18	Jun-15	Jun-15
5	6.08	Sep-10	Jun-15	7.18	Jun-15	Jun-15
10	5.60	Sep-10	Jun-15	7.18	Jun-15	Jun-15
15	5.18	Sep-10	Jun-15	7.00	Mar-14	Jun-15
20	4.83	Sep-10	Jun-15	6.67	Jun-13	Jun-15

If not redeemed in full on the Step-Up Date, with the assumptions outlined, at various assumed rates of prepayment of the Loans, the approximate weighted average lives of the Notes would be as follows:

CPR (%)	Class A Notes			Class B Notes		
	Average life (in years)	First principal payment date	Expected maturity	Weighted Average life (in years)	First principal payment date	Expected maturity
0	13.36	Sep-10	Jun-35	20.45	Sep-21	Jun-35
5	9.47	Sep-10	Jun-28	14.68	Jun-17	Jun-28
10	7.37	Sep-10	Sep-23	11.40	Jun-15	Sep-23
15	6.15	Sep-10	Dec-20	9.30	Mar-14	Dec-20
20	5.35	Sep-10	Dec-18	7.89	Jun-13	Dec-18

The estimated weighted average lives of the Class A Notes and the Class B Notes cannot be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown.

The estimated weighted average lives of the Class A Notes and the Class B Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

Please note that the CPRs shown below are purely illustrative and do not represent the full range of possibilities for constant payment rates. The tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, in reality, it is unlikely that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there will be no delinquencies or losses on the Loans. Moreover the diverse remaining terms to maturity of the Loans could produce

slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Loans is as assumed. Any difference between such assumptions and the actual characteristics and performance of the Loans, or actual prepayment or loss experience, will affect the percentages of the initial amount outstanding over time and the weighted average lives of the Notes.

### Class A (if redeemed in full on the Step-Up Date)

Principal Outstanding Balance at relevant given date at given CPR (%)

	0%	5%	10%	15%	20%
Apr-08	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-08	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-08	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-09	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-09	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-09	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-09	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-10	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-10	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-10	98.9%	97.5%	96.0%	94.5%	92.9%
Dec-10	97.8%	95.0%	92.2%	89.2%	86.2%
Mar-11	96.7%	92.6%	88.4%	84.2%	79.9%
Jun-11	95.5%	90.2%	84.8%	79.4%	74.0%
Sep-11	94.4%	87.8%	81.3%	74.8%	68.5%
Dec-11	93.2%	85.4%	77.8%	70.5%	63.3%
Mar-12	92.1%	83.1%	74.5%	66.3%	58.4%
Jun-12	90.9%	80.8%	71.3%	62.3%	53.8%
Sep-12	89.7%	78.6%	68.2%	58.5%	49.5%
Dec-12	88.5%	76.4%	65.2%	54.9%	45.5%
Mar-13	87.3%	74.2%	62.3%	51.5%	41.7%
Jun-13	86.0%	72.0%	59.5%	48.2%	39.0%
Sep-13	84.8%	69.9%	56.7%	45.1%	36.4%
Dec-13	83.6%	67.9%	54.1%	42.1%	34.0%
Mar-14	82.3%	65.8%	51.5%	39.9%	31.7%
Jun-14	81.1%	63.8%	49.0%	37.8%	29.6%
Sep-14	79.8%	61.8%	46.6%	35.8%	27.6%
Dec-14	78.5%	59.8%	44.3%	33.9%	25.7%
Mar-15	77.2%	57.9%	42.1%	32.1%	24.0%
Jun-15	0.0%	0.0%	0.0%	0.0%	0.0%

### Class B (if redeemed in full on the Step-Up Date)

Principal Outstanding Balance at relevant given date at given CPR (%)

	0%	5%	10%	15%	20%
Apr-08	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-08	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-08	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-09	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-09	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-09	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-09	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-10	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-10	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-10	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-10	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-11	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-11	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-11	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-11	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-12	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-12	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-12	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-12	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-13	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-13	100.0%	100.0%	100.0%	100.0%	93.4%
Sep-13	100.0%	100.0%	100.0%	100.0%	87.2%
Dec-13	100.0%	100.0%	100.0%	100.0%	81.4%
Mar-14	100.0%	100.0%	100.0%	94.8%	76.0%
Jun-14	100.0%	100.0%	100.0%	89.8%	70.9%
Sep-14	100.0%	100.0%	100.0%	85.0%	66.2%
Dec-14	100.0%	100.0%	100.0%	80.5%	61.7%
Mar-15	100.0%	100.0%	100.0%	76.2%	57.5%
Jun-15	0.0%	0.0%	0.0%	0.0%	0.0%

### Class A (if not redeemed in full on the Step-Up Date)

Principal Outstanding Balance at relevant given date at given CPR (%)

	0%	5%	10%	15%	20%
Apr-08	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-08	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-08	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-09	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-09	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-09	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-09	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-10	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-10	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-10	98.9%	97.5%	96.0%	94.5%	92.9%
Dec-10	97.8%	95.0%	92.2%	89.2%	86.2%
Mar-11	96.7%	92.6%	88.4%	84.2%	79.9%
Jun-11	95.5%	90.2%	84.8%	79.4%	74.0%
Sep-11	94.4%	87.8%	81.3%	74.8%	68.5%
Dec-11	93.2%	85.4%	77.8%	70.5%	63.3%
Mar-12	92.1%	83.1%	74.5%	66.3%	58.4%
Jun-12	90.9%	80.8%	71.3%	62.3%	53.8%
Sep-12	89.7%	78.6%	68.2%	58.5%	49.5%
Dec-12	88.5%	76.4%	65.2%	54.9%	45.5%
Mar-13	87.3%	74.2%	62.3%	51.5%	41.7%
Jun-13	86.0%	72.0%	59.5%	48.2%	39.0%
Sep-13	84.8%	69.9%	56.7%	45.1%	36.4%
Dec-13	83.6%	67.9%	54.1%	42.1%	34.0%
Mar-14	82.3%	65.8%	51.5%	39.9%	31.7%
Jun-14	81.1%	63.8%	49.0%	37.8%	29.6%
Sep-14	79.8%	61.8%	46.6%	35.8%	27.6%
Dec-14	78.5%	59.8%	44.3%	33.9%	25.7%
Mar-15	77.2%	57.9%	42.1%	32.1%	24.0%
Jun-15	75.9%	56.0%	40.4%	30.3%	22.4%
Sep-15	74.6%	54.1%	38.7%	28.7%	20.8%
Dec-15	73.2%	52.3%	37.1%	27.1%	19.4%
Mar-16	71.9%	50.5%	35.6%	25.6%	18.1%
Jun-16	70.6%	48.7%	34.1%	24.2%	16.8%
Sep-16	69.2%	46.9%	32.7%	22.9%	15.6%
Dec-16	67.8%	45.2%	31.3%	21.6%	14.5%
Mar-17	66.5%	43.5%	30.0%	20.4%	13.5%
Jun-17	65.1%	42.2%	28.7%	19.2%	12.6%
Sep-17	63.8%	40.9%	27.5%	18.1%	11.7%
Dec-17	62.4%	39.7%	26.3%	17.1%	10.8%
Mar-18	61.0%	38.5%	25.1%	16.1%	10.1%
Jun-18	59.6%	37.2%	24.0%	15.2%	9.3%
Sep-18	58.3%	36.1%	22.9%	14.3%	8.7%
Dec-18	56.9%	34.9%	21.9%	13.5%	0.0%
Mar-19	55.5%	33.8%	20.9%	12.7%	0.0%
Jun-19	54.1%	32.7%	19.9%	11.9%	0.0%
Sep-19	52.7%	31.6%	19.0%	11.2%	0.0%
Dec-19	51.3%	30.5%	18.1%	10.5%	0.0%
Mar-20	49.9%	29.4%	17.2%	9.9%	0.0%
Jun-20	48.5%	28.4%	16.4%	9.3%	0.0%
Sep-20	47.1%	27.4%	15.6%	8.7%	0.0%
Dec-20	45.7%	26.4%	14.9%	0.0%	0.0%
Mar-21	44.3%	25.4%	14.1%	0.0%	0.0%
Jun-21	42.9%	24.5%	13.4%	0.0%	0.0%
Sep-21	41.7%	23.5%	12.7%	0.0%	0.0%
Dec-21	40.6%	22.6%	12.0%	0.0%	0.0%
Mar-22	39.5%	21.7%	11.4%	0.0%	0.0%
Jun-22	38.4%	20.8%	10.8%	0.0%	0.0%
Sep-22	37.3%	20.0%	10.2%	0.0%	0.0%
Dec-22	36.3%	19.2%	9.7%	0.0%	0.0%
Mar-23	35.2%	18.4%	9.2%	0.0%	0.0%

### Class A (if not redeemed in full on the Step-Up Date)

Principal Outstanding Balance at relevant given date at given CPR (%)

	0%	5%	10%	15%	20%
Jun-23	34.2%	17.6%	8.7%	0.0%	0.0%
Sep-23	33.3%	16.9%	0.0%	0.0%	0.0%
Dec-23	32.4%	16.3%	0.0%	0.0%	0.0%
Mar-24	31.6%	15.6%	0.0%	0.0%	0.0%
Jun-24	30.8%	15.0%	0.0%	0.0%	0.0%
Sep-24	30.0%	14.5%	0.0%	0.0%	0.0%
Dec-24	29.3%	14.0%	0.0%	0.0%	0.0%
Mar-25	28.6%	13.5%	0.0%	0.0%	0.0%
Jun-25	28.0%	13.0%	0.0%	0.0%	0.0%
Sep-25	27.3%	12.5%	0.0%	0.0%	0.0%
Dec-25	26.7%	12.1%	0.0%	0.0%	0.0%
Mar-26	26.1%	11.7%	0.0%	0.0%	0.0%
Jun-26	25.4%	11.2%	0.0%	0.0%	0.0%
Sep-26	24.8%	10.8%	0.0%	0.0%	0.0%
Dec-26	24.1%	10.4%	0.0%	0.0%	0.0%
Mar-27	23.5%	10.0%	0.0%	0.0%	0.0%
Jun-27	22.9%	9.6%	0.0%	0.0%	0.0%
Sep-27	22.2%	9.2%	0.0%	0.0%	0.0%
Dec-27	21.6%	8.8%	0.0%	0.0%	0.0%
Mar-28	21.0%	8.5%	0.0%	0.0%	0.0%
Jun-28	20.4%	0.0%	0.0%	0.0%	0.0%
Sep-28	19.8%	0.0%	0.0%	0.0%	0.0%
Dec-28	19.2%	0.0%	0.0%	0.0%	0.0%
Mar-29	18.6%	0.0%	0.0%	0.0%	0.0%
Jun-29	18.1%	0.0%	0.0%	0.0%	0.0%
Sep-29	17.6%	0.0%	0.0%	0.0%	0.0%
Dec-29	17.1%	0.0%	0.0%	0.0%	0.0%
Mar-30	16.6%	0.0%	0.0%	0.0%	0.0%
Jun-30	16.2%	0.0%	0.0%	0.0%	0.0%
Sep-30	15.7%	0.0%	0.0%	0.0%	0.0%
Dec-30	15.3%	0.0%	0.0%	0.0%	0.0%
Mar-31	14.9%	0.0%	0.0%	0.0%	0.0%
Jun-31	14.5%	0.0%	0.0%	0.0%	0.0%
Sep-31	14.0%	0.0%	0.0%	0.0%	0.0%
Dec-31	13.6%	0.0%	0.0%	0.0%	0.0%
Mar-32	13.2%	0.0%	0.0%	0.0%	0.0%
Jun-32	12.7%	0.0%	0.0%	0.0%	0.0%
Sep-32	12.3%	0.0%	0.0%	0.0%	0.0%
Dec-32	11.9%	0.0%	0.0%	0.0%	0.0%
Mar-33	11.5%	0.0%	0.0%	0.0%	0.0%
Jun-33	11.1%	0.0%	0.0%	0.0%	0.0%
Sep-33	10.7%	0.0%	0.0%	0.0%	0.0%
Dec-33	10.3%	0.0%	0.0%	0.0%	0.0%
Mar-34	9.9%	0.0%	0.0%	0.0%	0.0%
Jun-34	9.6%	0.0%	0.0%	0.0%	0.0%
Sep-34	9.2%	0.0%	0.0%	0.0%	0.0%
Dec-34	8.9%	0.0%	0.0%	0.0%	0.0%
Mar-35	8.5%	0.0%	0.0%	0.0%	0.0%
Jun-35	0.0%	0.0%	0.0%	0.0%	0.0%

### Class B (if not redeemed in full on the Step-Up Date)

Principal Outstanding Balance at relevant given date at given CPR (%)

	0%	5%	10%	15%	20%
Apr-08	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-08	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-08	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-09	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-09	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-09	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-09	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-10	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-10	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-10	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-10	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-11	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-11	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-11	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-11	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-12	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-12	100.0%	100.0%	100.0%	100.0%	100.0%
Sep-12	100.0%	100.0%	100.0%	100.0%	100.0%
Dec-12	100.0%	100.0%	100.0%	100.0%	100.0%
Mar-13	100.0%	100.0%	100.0%	100.0%	100.0%
Jun-13	100.0%	100.0%	100.0%	100.0%	93.4%
Sep-13	100.0%	100.0%	100.0%	100.0%	87.2%
Dec-13	100.0%	100.0%	100.0%	100.0%	81.4%
Mar-14	100.0%	100.0%	100.0%	94.8%	76.0%
Jun-14	100.0%	100.0%	100.0%	89.8%	70.9%
Sep-14	100.0%	100.0%	100.0%	85.0%	66.2%
Dec-14	100.0%	100.0%	100.0%	80.5%	61.7%
Mar-15	100.0%	100.0%	100.0%	76.2%	57.5%
Jun-15	100.0%	100.0%	96.0%	72.1%	53.6%
Sep-15	100.0%	100.0%	92.1%	68.2%	49.9%
Dec-15	100.0%	100.0%	88.3%	64.4%	46.5%
Mar-16	100.0%	100.0%	84.7%	60.9%	43.3%
Jun-16	100.0%	100.0%	81.1%	57.6%	40.3%
Sep-16	100.0%	100.0%	77.7%	54.4%	37.5%
Dec-16	100.0%	100.0%	74.5%	51.3%	34.8%
Mar-17	100.0%	100.0%	71.3%	48.4%	32.4%
Jun-17	100.0%	97.0%	68.2%	45.7%	30.1%
Sep-17	100.0%	94.1%	65.3%	43.1%	28.0%
Dec-17	100.0%	91.2%	62.4%	40.6%	26.0%
Mar-18	100.0%	88.4%	59.7%	38.3%	24.1%
Jun-18	100.0%	85.6%	57.0%	36.1%	22.4%
Sep-18	100.0%	82.9%	54.5%	34.0%	20.8%
Dec-18	100.0%	80.2%	52.0%	32.0%	0.0%
Mar-19	100.0%	77.6%	49.7%	30.1%	0.0%
Jun-19	100.0%	75.1%	47.4%	28.3%	0.0%
Sep-19	100.0%	72.6%	45.2%	26.6%	0.0%
Dec-19	100.0%	70.1%	43.1%	25.0%	0.0%
Mar-20	100.0%	67.7%	41.0%	23.5%	0.0%
Jun-20	100.0%	65.3%	39.0%	22.0%	0.0%
Sep-20	100.0%	63.0%	37.1%	20.7%	0.0%
Dec-20	100.0%	60.7%	35.3%	0.0%	0.0%
Mar-21	100.0%	58.4%	33.6%	0.0%	0.0%
Jun-21	100.0%	56.2%	31.9%	0.0%	0.0%
Sep-21	97.4%	54.1%	30.2%	0.0%	0.0%
Dec-21	94.8%	51.9%	28.6%	0.0%	0.0%
Mar-22	92.2%	49.9%	27.1%	0.0%	0.0%
Jun-22	89.6%	47.9%	25.7%	0.0%	0.0%
Sep-22	87.1%	45.9%	24.3%	0.0%	0.0%
Dec-22	84.6%	44.0%	23.0%	0.0%	0.0%
Mar-23	82.2%	42.2%	21.8%	0.0%	0.0%

## Class B (if not redeemed in full on the Step-Up Date)

	Principal Outstanding Balance at relevant given date at given CPR (%)				
	0%	5%	10%	15%	20%
Jun-23	79.9%	40.5%	20.6%	0.0%	0.0%
Sep-23	77.7%	38.9%	0.0%	0.0%	0.0%
Dec-23	75.6%	37.4%	0.0%	0.0%	0.0%
Mar-24	73.6%	35.9%	0.0%	0.0%	0.0%
Jun-24	71.7%	34.6%	0.0%	0.0%	0.0%
Sep-24	70.0%	33.3%	0.0%	0.0%	0.0%
Dec-24	68.3%	32.1%	0.0%	0.0%	0.0%
Mar-25	66.7%	30.9%	0.0%	0.0%	0.0%
Jun-25	65.2%	29.9%	0.0%	0.0%	0.0%
Sep-25	63.7%	28.8%	0.0%	0.0%	0.0%
Dec-25	62.3%	27.8%	0.0%	0.0%	0.0%
Mar-26	60.8%	26.8%	0.0%	0.0%	0.0%
Jun-26	59.3%	25.8%	0.0%	0.0%	0.0%
Sep-26	57.8%	24.8%	0.0%	0.0%	0.0%
Dec-26	56.3%	23.9%	0.0%	0.0%	0.0%
Mar-27	54.8%	22.9%	0.0%	0.0%	0.0%
Jun-27	53.3%	22.0%	0.0%	0.0%	0.0%
Sep-27	51.8%	21.2%	0.0%	0.0%	0.0%
Dec-27	50.4%	20.3%	0.0%	0.0%	0.0%
Mar-28	49.0%	19.5%	0.0%	0.0%	0.0%
Jun-28	47.5%	0.0%	0.0%	0.0%	0.0%
Sep-28	46.2%	0.0%	0.0%	0.0%	0.0%
Dec-28	44.8%	0.0%	0.0%	0.0%	0.0%
Mar-29	43.5%	0.0%	0.0%	0.0%	0.0%
Jun-29	42.2%	0.0%	0.0%	0.0%	0.0%
Sep-29	41.0%	0.0%	0.0%	0.0%	0.0%
Dec-29	39.8%	0.0%	0.0%	0.0%	0.0%
Mar-30	38.7%	0.0%	0.0%	0.0%	0.0%
Jun-30	37.7%	0.0%	0.0%	0.0%	0.0%
Sep-30	36.7%	0.0%	0.0%	0.0%	0.0%
Dec-30	35.7%	0.0%	0.0%	0.0%	0.0%
Mar-31	34.7%	0.0%	0.0%	0.0%	0.0%
Jun-31	33.7%	0.0%	0.0%	0.0%	0.0%
Sep-31	32.7%	0.0%	0.0%	0.0%	0.0%
Dec-31	31.7%	0.0%	0.0%	0.0%	0.0%
Mar-32	30.7%	0.0%	0.0%	0.0%	0.0%
Jun-32	29.7%	0.0%	0.0%	0.0%	0.0%
Sep-32	28.7%	0.0%	0.0%	0.0%	0.0%
Dec-32	27.8%	0.0%	0.0%	0.0%	0.0%
Mar-33	26.8%	0.0%	0.0%	0.0%	0.0%
Jun-33	25.9%	0.0%	0.0%	0.0%	0.0%
Sep-33	25.0%	0.0%	0.0%	0.0%	0.0%
Dec-33	24.1%	0.0%	0.0%	0.0%	0.0%
Mar-34	23.2%	0.0%	0.0%	0.0%	0.0%
Jun-34	22.3%	0.0%	0.0%	0.0%	0.0%
Sep-34	21.5%	0.0%	0.0%	0.0%	0.0%
Dec-34	20.7%	0.0%	0.0%	0.0%	0.0%
Mar-35	19.9%	0.0%	0.0%	0.0%	0.0%
Jun-35	0.0%	0.0%	0%	0%	0%

## SUMMARY OF PROVISIONS RELATING TO NOTES IN GLOBAL FORM

Each class of Notes will initially be in the form of a Temporary Global Note which will be delivered on or around the Closing Date to a common safekeeper for Euroclear and Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable in whole or in part for interests in the related Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected until certification of non-U.S. beneficial ownership is received by the Paying Agent. Details of any exchange of a Temporary Global Note for a Permanent Global Note will be entered in the records of Euroclear and Clearstream, Luxembourg.

The Permanent Global Notes will become exchangeable in whole, but not in part, for Notes in definitive form in the denomination of €100,000 each and additional increments of €1,000 in excess thereof at the request of the bearer of a Permanent Global Note against presentation and surrender of the Permanent Global Note to the Paying Agent if any of the following events (each, an "**Exchange Event**") occurs:

1. an event of default (as set out in Condition 10 (*Events of Default*)) has occurred and is continuing; or
2. 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, 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
3. as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with receipts, coupons and talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Notes and the Permanent Global Notes will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Notes and the Permanent Global Notes. The following is a summary of certain of those provisions:

*Nominal Amounts:* The nominal amount of the Notes represented by each Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of the Notes and, for these purposes, a statement issued by a relevant Clearing System stating the nominal amount of the Notes at any time (which statement shall be made available to the bearer upon request) shall be conclusive evidence of the records of the relevant Clearing System at that time.

*Payments:* All payments in respect of the Temporary Global Notes and the Permanent Global Notes will be made against presentation and (in the case of payment of principal in full with all interest

accrued thereon) surrender of a Temporary Global Note or (as the case may be) a Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

A record of each payment made on a Global Note, distinguishing between any payment of interest and principal will be entered *pro rata* in the records of the relevant Clearing System and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing System and represented by the relevant Global Note shall be reduced by the aggregate nominal amount of such instalment so paid. Any failure to make the entries referred to above shall not affect the discharge of the corresponding liabilities of the Issuer in respect of the Notes.

*Notices:* Notwithstanding the Notices Condition, while any of the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) kept with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with the Notices Condition on the date of delivery to Euroclear and Clearstream, Luxembourg.

*Transfers:* For so long as the Notes are represented by the relevant Global Notes, the Notes so represented by such Global Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear, or, as the case may be, Clearstream, Luxembourg and the Issuer, the Paying Agent and the Trustee may treat each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of Class A Notes or Class B Notes (as the case may be) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes) as the holder of such principal amount of such Notes for all purposes, other than with respect to the payment of interest and repayment of principal on such Notes, the right to which shall be vested solely in the bearer of the relevant Global Note and in accordance with its terms.

*Meetings:* The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirement of, or the right to demand a poll at, a meeting of holders of each class of the Notes, as the case may be, and, at any such meeting, as having one vote in respect of each €100,000 principal amount of each class of the Notes for which the Global Note may be exchanged.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions (the **Conditions**) of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed. Subject to any contrary provisions in the Conditions, the Conditions will apply to the Notes in global and in definitive form.*

The issue of the € 714,000,000 Class A Residential Mortgage Backed Floating Rate Notes due 2055 (the **Class A Notes**) and the € 86,000,000 Class B Residential Mortgage Backed Floating Rate Notes due 2055 (the **Class B Notes**) and, together with the Class A Notes, the **Notes**) by Estia Mortgage Finance III Plc (the **Issuer**) was authorised by resolution of the Board of Directors of the Issuer passed on or about the Closing Date.

The Notes are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 24 April 2008 (the **Closing Date**) between the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression includes its successors as trustee or any further or other trustee under the Trust Deed) as trustee for the holders of the Notes (the **Noteholders**).

The proceeds of the issue of the Notes will be applied in or towards, *inter alia*, the purchase of the Portfolio.

References herein to the Notes shall include references to:

- (a) any Global Note (as defined below);
- (b) in relation to any Notes represented by a Global Note, units of €100,000 (as reduced by any payment under Condition 6(a) (*Mandatory Redemption of the Notes in Part*) (unless the context otherwise requires)); and
- (c) any Definitive Notes (as defined below) issued in exchange for a Global Note.

References herein to interest include references to Deferred Interest and interest thereon, unless the context otherwise requires.

The Noteholders and the holders of the Coupons (as defined below) (the **Couponholders**) are subject to and have the benefit of an agency agreement (as amended and/or supplemented from time to time, the **Agency Agreement**) dated the Closing Date between the Issuer, Citibank, N.A., London Branch, as paying agent (the **Paying Agent**, which expression includes any successor paying agent appointed from time to time in respect of the Notes) and, in a separate capacity under the same agreement, as agent bank (the **Agent Bank**, which expression includes any successor agent bank appointed from time to time in connection with the Notes) and the Trustee.

The security for the Notes is granted or created pursuant to a deed of charge under English law (the **Deed of Charge**, which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated the Closing Date and made between, among others, the Issuer and the Trustee, and Paragraph 18, Article 10 of Greek Law 3156/2003 (published in Government Gazette issue no. 157/A/25.06.03) as the same may be amended or re-enacted from time to time (the **Securitisation Law**).

The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Deed of Charge and the Securitisation Law applicable to them and all the provisions of the other Transaction Documents (including the Mortgage Sale Agreement, the Greek Assignment Agreement, the Corporate Services Agreement, the Servicing Agreement, the Subordinated Reserve Loan Agreement, the Set-Off (Additional Payments) Loan Agreement, the Set-Off (Deposits) Facility Agreement, the

Bank Account Agreement, the Swap Agreement and the Cash Management Agreement (each as defined in the master definitions schedule signed for identification by, among others, the Issuer and the Trustee on or about the Closing Date (the **Master Definitions Schedule**)) applicable to them.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Deed of Charge and the other Transaction Documents. Capitalised terms used in these Conditions but not otherwise defined shall have the meanings set out in the Master Definitions Schedule.

As used in these Conditions:

- (a) a reference to a **Class** of Notes or the respective holders thereof shall be a reference to the Class A Notes or the Class B Notes (and, unless the context otherwise requires, shall include in each case any Coupons appertaining thereto) or, as the case may be, the respective Noteholders and **Classes**, in a similar context, shall be construed accordingly; and
- (b) **Most Senior Class of Notes** means:
  - (i) the Class A Notes; or
  - (ii) if no Class A Notes are then outstanding (as defined in the Trust Deed), the Class B Notes (if, at any time, any Class B Notes are then outstanding);

Copies of the Transaction Documents are available for inspection by Noteholders and Couponholders at the specified office of the Paying Agent.

## 1. GLOBAL NOTES

### (a) *Temporary Global Notes*

The Notes of each Class will initially be represented by a Temporary Global Note of the same Class (each, a **Temporary Global Note**).

The Temporary Global Notes will be delivered on behalf of the subscribers of the Notes with a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on or around the Closing Date. Upon delivery of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg will credit the account of each Accountholder (as defined below) with the principal amount of Notes for which it has subscribed and paid.

### (b) *Permanent Global Notes*

Each Temporary Global Note will be exchangeable in whole or in part for interests in the related Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected until certification of non-U.S. beneficial ownership is received by the Paying Agent. Details of any exchange of a Temporary Global Note for a Permanent Global Note will be entered in the records of Euroclear and Clearstream, Luxembourg.

### (c) *Form and Title*

Each Global Note shall be issued in bearer form without Coupons or Talons (as defined below).

Title to the Global Notes will pass by delivery. Notes represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as the Notes of a Class are represented by one or both Global Notes in respect of that Class, the Issuer, the Trustee and all other parties shall (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (an **Accountholder**) as being the holder of such principal amount of such Notes, in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes or interest in such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders), other than for the purposes of payment of principal and interest on such Global Notes, the right to which shall be vested, as against the Issuer, the Paying Agent and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to the terms of the Trust Deed. The expressions **Noteholders** and **holder of Notes** and related expressions shall be construed accordingly.

Subject to the preceding paragraph, in determining whether a particular person is entitled to a particular principal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

## 2. DEFINITIVE NOTES

### (a) *Issue of Definitive Notes*

The Permanent Global Notes will become exchangeable in whole, but not in part, for Notes in definitive form in the denomination of €100,000 each and additional increments of €1,000 in excess thereof at the request of the bearer of a Permanent Global Note against presentation and surrender of the Permanent Global Note to the Paying Agent if any of the following events (each, an **Exchange Event**) occurs:

- (i) an event of default (as set out in Condition 10 (*Events of Default*)) has occurred and is continuing; or
- (ii) 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, 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
- (iii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or the Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with receipts, coupons and talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Notes and the Permanent Global Notes will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Notes and the Permanent Global Notes.

(b) *Title to and Transfer of Definitive Notes*

Each Definitive Note shall be issued in bearer form, serially numbered, in the denomination of €100,000 each with (at the date of issue) interest coupons (**Interest Coupons**) and principal coupons (**Principal Coupons**) (severally or together **Coupons**, which expression includes talons for further Coupons (**Talons**), except where the context otherwise requires) and Talons attached.

Title to the Definitive Notes and Coupons will pass by delivery.

The Issuer, the Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Definitive Note and the holder of any Coupon as the absolute owner for all purposes (whether or not the Definitive Note or the Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss, of any trust or other interest therein or of any writing on the Definitive Note or Coupon) and the Issuer, the Trustee and the Paying Agent shall not be required to obtain any proof thereof or as to the identity of such holder.

### 3. STATUS, SECURITY, PRIORITY OF PAYMENTS AND LIMITED RECOURSE

(a) *Status and Relationship between Classes of Notes*

The Class A Notes and the Class B Notes constitute limited recourse secured obligations of the Issuer and are secured by a pledge operating by law (pursuant to the Securitisation Law) and assignments, pledges and other fixed and floating security interests over all of the assets of the Issuer (as more particularly described in the Deed of Charge) (the **Charged Property**) (such pledge, assignments, pledges and fixed and floating security together, the **Security**). Notes of the same Class rank *pari passu* and rateably without any preference or priority amongst themselves.

The Notes are constituted by the Trust Deed. In the event of the security being enforced, the Class A Notes will rank in priority to all other Classes of Notes in point of security and as to the payment of principal and interest, the Class B Notes will be subordinated in point of security and as to right of payment of principal and interest in respect of the Class A Notes.

In connection with the exercise of the powers, trusts, rights, authorities, duties and discretions vested in it by these Conditions, the Trust Deed and/or any other Transaction Document the Trustee shall:

- (i) except where expressly provided otherwise in these Conditions, the Trust Deed or any other Transaction Document, have regard to the interests of the Class A Noteholders and the Class B Noteholders equally PROVIDED THAT if in the opinion of the Trustee (for so long as there are any Class A Notes outstanding) there is a conflict between the interests of the Class A Noteholders on the one hand and the interests of the Class B Noteholders on the other hand, it shall have regard only to the interests of the Class A Noteholders, but so that this proviso shall not apply in the case of such powers, trusts, rights, authorities, duties and discretions:
  - (A) in relation to which it is expressly stated that they may be exercised by the Trustee only if in its opinion the interests of the Noteholders of each Class would not be materially prejudiced thereby; or
  - (B) the exercise of which by the Trustee relates to any Basic Terms Modification, in which event the Trustee may exercise such powers, trusts, rights, authorities, duties and discretions only if it is satisfied that to do so will not be materially prejudicial to the interests of the Noteholders of any Class that will be affected thereby;
- (ii) where it is required to have regard to the interests of the Noteholders (or any Class thereof), have regard to the interests of the Noteholders (or such Class) as a class and

in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences thereof for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholders be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders; and

- (iii) except where expressly provided otherwise, have regard only to the interests of the Noteholders and shall not be required to have regard to the interests of any Other Secured Party or any other person or to act upon or comply with any direction or request of (whilst any amount remains owing to any Noteholder) any Other Secured Party or (at any time) any other person.

As used in these Conditions:

**Other Secured Parties** means the Trustee, any appointee of the Trustee, the Servicer, the Seller, the Corporate Services Provider, the Swap Provider, the Subordinated Loan Provider, the Set-Off (Deposits) Loan Provider, the Set-Off (Additional Payments) Loan Provider, the Issuer Account Bank, the Cash Manager, the Paying Agent and the Agent Bank; and **Secured Parties** means the Noteholders, the Couponholders, the Other Secured Parties and any other party so designated by the Issuer and the Trustee.

(b) *Security and Priority of Payments*

The Security in respect of the Notes and Coupons and the payment obligations of the Issuer under the other Transaction Documents is set out in the Deed of Charge and as provided in the Securitisation Law. The Cash Management Agreement contains provisions regulating the priority of application by the Cash Manager of the Charged Property (and proceeds thereof) among the persons entitled thereto prior to the Security becoming enforceable and the Deed of Charge contains provisions regulating such application by or on behalf of the Trustee after the Security has become enforceable. The Security will become enforceable on the giving of an Acceleration Notice pursuant to Condition 10 (*Events of Default*) or upon any failure by the Issuer to pay the full amount due and payable on a redemption of the Notes pursuant to or under Condition 6(c) (*Optional Redemption in Full for Taxation*), (d) (*Optional Redemption in Full for Other Reasons*) or (e) (*Redemption on Maturity*).

(c) *Limited Recourse of Notes*

Only the Security shall be available to satisfy the obligations of the Issuer under the Notes and the Transaction Documents. Accordingly, recourse against the Issuer in respect of such obligations shall be limited to the Security and the claims of the Secured Parties against the Issuer under the Transaction Documents may only be satisfied to the extent of the Security. Once the Security has been realised:

- (a) neither the Trustee nor any other Secured Party shall be entitled to take any further steps or other action against the Issuer to recover any sums due but unpaid;
- (b) all claims in respect of any sums due but unpaid shall be extinguished; and
- (c) neither the Trustee nor any other Secured Party shall be entitled to petition or take any other step for the winding up of, or the appointment of a receiver to, the Issuer.

#### 4. COVENANTS

(a) *Restrictions*

Save with the prior written consent of the Trustee (having regard to the interests of the Noteholders) or as provided in these Conditions or as permitted by the other Transaction Documents, the Issuer shall not so long as any of the Notes remains outstanding:

(i) Negative Pledge:

(save for the Security) create or permit to subsist any mortgage, sub-mortgage, charge, sub-charge, assignment, pledge, lien, hypothecation or other security interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings (including the Charged Property) present or future, or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any security interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one transaction or a series of transactions) or grant any option or right to acquire any such property, assets or undertakings, present or future or any interest, estate, right, title or benefit therein;

(ii) Restrictions on Activities:

- (a) engage in any activity whatsoever which is not, or is not reasonably incidental to, any of the activities in which the Transaction Documents provide or envisage the Issuer will engage in;
- (b) open or have an interest in any account whatsoever with any bank or other financial institution, save where such account or the Issuer's interest therein is immediately charged in favour of, and to the satisfaction of, the Trustee so as to form part of the Security;
- (c) have any subsidiaries;
- (d) own or lease any premises or have any employees;
- (e) amend, supplement or otherwise modify its Memorandum and Articles of Association;
- (f) issue any further shares; or
- (g) act as a director of any company.

(iii) Borrowings:

incur or permit to subsist any other indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;

(iv) Merger:

except as required or permitted pursuant to Conditions 6(c) (*Optional Redemption in Full for Taxation*) and 12(c) (*Meetings of Noteholders, Modification, Waiver Substitution and Trustee's Discretion*), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person unless:

- (A) the person (if other than the Issuer) which is formed pursuant to or survives such consolidation or merger or which acquires by conveyance or transfer the properties and assets of the Issuer substantially as an entirety shall be a person incorporated and existing under the laws of England and Wales, the objects of which include the funding, purchase and administration of mortgages and mortgage loans, and who shall expressly assume, by an

instrument supplemental to each of the Transaction Documents, in form and substance satisfactory to the Trustee, the obligation to make due and punctual payment of all moneys owing by the Issuer, including principal and interest on the Notes, and the performance and observance of every covenant in each of the Transaction Documents to be performed or observed on the part of the Issuer;

- (B) immediately after giving effect to such transaction, no Event of Default (as defined in Condition 10 (*Events of Default*)) shall have occurred and be continuing;
- (C) immediately after giving effect to such transaction, the Security shall be subsisting, valid and effective in full in accordance with the Deed of Charge and Securitisation Law;
- (D) such consolidation, merger, conveyance or transfer has been approved by an Extraordinary Resolution of each Class of the Noteholders;
- (E) all persons required by the Trustee shall have executed and delivered such documentation as the Trustee may require;
- (F) the Issuer shall have delivered to the Trustee a legal opinion of English lawyers and as the case may be, Greek lawyers, acceptable to the Trustee in a form acceptable to the Trustee to the effect that such consolidation, merger, conveyance or transfer and such supplemental instruments and other documents comply with paragraphs (A) (C) and (E) above and are binding on the Issuer or such other persons;
- (G) the Issuer shall have delivered to the Trustee a legal opinion of Greek lawyers acceptable to the Trustee to the effect that the transactions contemplated by the Transaction Documents and the Security continue to comply with applicable provisions of Greek law (including the Securitisation Law); and
- (H) the Issuer shall have received confirmation from the Rating Agency that the then current ratings of the Notes are unaffected by such consolidation, merger, conveyance or transfer; or

(v) Other:

cause or permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the Trust Deed, the Deed of Charge or any of the other Transaction Documents, or dispose of any part of the Charged Property.

(b) *Servicer:*

So long as any of the Notes remain outstanding, the Issuer will procure that there will at all times be a servicer for the administration of the Portfolio and the performance of the other administrative duties set out in the Servicing Agreement. Any appointment by the Issuer of a servicer other than Piraeus is subject to the approval of the Trustee and confirmation that the then current ratings of the Notes are unaffected by such appointment and the terms of the Servicing Agreement. The Issuer will not be permitted to terminate Piraeus's appointment as Servicer without, *inter alia*, the written consent of the Trustee. The appointment of the Servicer may be terminated by the Issuer (with the prior written approval of the Trustee) or the Trustee if, *inter alia* (and subject to any grace periods applicable thereto), the Servicer defaults in any material respect (as determined in the sole discretion of the

Trustee) in the observance and performance of any obligation imposed on it under the Servicing Agreement and which default is not remedied within a specified period after written notice of such default has been served on it by the Issuer or the Trustee.

## 5. INTEREST

### (a) *Period of Accrual*

The Notes will bear interest from (and including) the Closing Date. Interest shall cease to accrue on any part of the Principal Amount Outstanding (as defined in Condition 6(a) (*Mandatory Redemption of the Notes in Part*)) of any Note from the due date for redemption unless, upon due presentation, payment of principal or any part thereof due is improperly withheld or refused or any other default is made in respect thereof. In such event, interest will continue to accrue as provided in the Trust Deed.

### (b) *Interest Payment Dates and Interest Periods*

Interest on the Notes is, subject as provided below in relation to the first payment, payable quarterly in arrear on the 27th day of March, June, September and December in each year or, if any such day is not a Business Day (as defined below), the next succeeding Business Day (each, an **Interest Payment Date**). The first such payment is due on the Interest Payment Date falling in September, 2008 in respect of the period from (and including) the Closing Date to (but excluding) that Interest Payment Date. Each period from (and including) an Interest Payment Date (or the Closing Date, in the case of the first Interest Period) to (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date is in these Conditions called an **Interest Period**.

### (c) *Rates of Interest*

The rate of interest payable from time to time in respect of each Class of Notes (the **Rate of Interest**) and the Interest Payment (as defined below) in respect of each Class of Notes will be determined by the Agent Bank on the basis of the following provisions:

- (i) the Agent Bank will, at or as soon as practicable after 11.00 a.m. (Brussels time) on the Business Day that falls two Business Days prior to the first day of each Interest Period (each, an **Interest Determination Date**), determine the Rate of Interest applicable to, and calculate the amount of interest payable on each of, the Notes (each payment so calculated, an **Interest Payment**), for such Interest Period. The Rate of Interest applicable to the Notes of each Class for any Interest Period (a **Rate of Interest**) will be equal to:
  - (A) in the case of the Class A Notes, EURIBOR (as determined in accordance with Condition 5(c)(ii)) plus, from the Closing Date up to (but excluding) the Interest Payment Date falling in June 2015 (the **Step-Up Date**), 0.45 per cent. per annum (the **Class A Original Margin**) and, from and including the Step-Up Date, 0.675 per cent. per annum (the **Class A Step-Up Margin**); and
  - (B) in the case of the Class B Notes, EURIBOR (as so determined) plus, prior to the Step Up Date, 1.20 per cent. per annum (the **Class B Original Margin**) and, from and including the Step-Up Date, 1.50 per cent. per annum (the **Class B Step-Up Margin**).

The Interest Payment in relation to a Note of a particular Class shall be calculated by applying the Rate of Interest applicable to the Notes of that Class to the Principal Amount Outstanding of each Note of that Class, multiplying the product of such calculation by the actual number of days in the relevant Interest Period divided by 360 and rounding the resultant figure to the nearest cent (fractions of a cent being rounded upwards).

For the purposes of these Conditions:

**Business Day** means a TARGET Business Day.

**Step-Up Date** means the Interest Payment Date falling in June 2015.

**TARGET Business Day** means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System settles payments in euro.

(ii) Determination of EURIBOR

For the purposes of determining the Rate of Interest in respect of each Class of Notes under Condition 5(c)(i), EURIBOR will be determined by the Agent Bank on the basis of the following provisions:

- (A) on each Interest Determination Date, the Agent Bank will determine the interest rate for three-month euro deposits (or, in respect of the first such Interest Period, a linear interpolation of the rate for five-month and six-month euro deposits) at a rate equal to the European Interbank Offered Rate for three month euro deposits ("**EURIBOR**") calculated, supplied and distributed by Reuters, which is currently published in the EURIBOR01 electronic pages (or in any other page that might replace such page in the future), as determined at 11:00 a.m. (Central European Time) (the "**Euro Screen Rate**"); or
- (B) if, on any Interest Determination Date, the Euro Screen Rate is unavailable, the Agent Bank will request the Reference Banks (as defined below) to provide the Agent Bank with their offered quotations to leading banks in the Eurozone interbank market for three-month Euro deposits as at 11:00 a.m. (Brussels time) on the relevant Interest Determination Date and, subject as provided below, will determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of one per cent.) of such offered quotations. As used herein, "**Reference Banks**" means four leading banks active in the Eurozone interbank market selected by the Agent Bank;
- (C) if, on any Interest Determination Date, less than all but at least two of the Reference Banks provide such offered quotations, the Agent Bank will determine a rate in accordance with paragraph (B) above on the basis of the offered quotations of those Reference Banks providing such quotations (along with (B) above, the "**Euro Reference Rate**"); and
- (D) if, on any Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such offered quotations, the Agent Bank will determine a rate for such Interest Determination Date on the basis of such annual rate of interest as the Agent Bank considers to be representative of the rates at which three-month Euro deposits are offered by leading banks in the Eurozone interbank market as of 11:00 a.m. (Brussels time) on such Interest Determination Date (the "**Euro Reserve Reference Rate**");

and the Floating Rate of Interest in respect of each class of Notes for each Interest Period shall be the Euro Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of each such class

There will be no minimum or maximum Rates of Interest.

(d) *Publication of Rates of Interest and Interest Payments*

The Agent Bank will cause the Rate of Interest and the Interest Payment relating to each Class of Notes for each Interest Period and the Interest Payment Date to be forthwith notified to the Issuer, the Trustee, the Servicer, the Paying Agent, the Swap Provider, the Noteholders in accordance with

Condition 15 (*Notice to Noteholders*), each of Euroclear and Clearstream, Luxembourg (so long as the Notes are in global form and, for so long as the Notes are listed on the Irish Stock Exchange Limited (the **Irish Stock Exchange**), the Irish Stock Exchange within two Business Days of the relevant Interest Determination Date. The Interest Payments 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 a lengthening or shortening of such Interest Period.

(e) *Determination or Calculation by Trustee*

If the Agent Bank at any time for any reason does not determine the Rates of Interest or calculate an Interest Payment in accordance with paragraph (c) above, the Trustee shall procure the determination of the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (c) above), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall procure the calculation of the Interest Payment in accordance with paragraph (c) above, and each such determination or calculation shall be deemed to have been made by the Agent Bank.

(f) *Notification to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Paying Agent, the Trustee and all Noteholders and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank, the Paying Agent or the Trustee in connection with the exercise by them of any of their powers, duties and discretions under this Condition.

(g) *Agent Bank*

The Issuer will procure that, so long as any of the Notes remain outstanding, there will at all times be an Agent Bank. The Issuer reserves the right at any time with the prior written consent of the Trustee to terminate the appointment of the Agent Bank. Notice of any such termination will be given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*). If any person shall be unable or unwilling to continue to act as the Agent Bank, or if the appointment of the Agent Bank shall be terminated, the Issuer will, with the written approval of the Trustee, appoint a successor Agent Bank to act as such in its place, provided that neither the resignation nor the removal of the Agent Bank shall take effect until a successor approved by the Trustee has been appointed.

(h) *Eurozone*

**Eurozone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957), as amended from time to time.

(i) *Deferral of Payment*

Interest on the Notes is payable subject to, and in accordance with the order of priorities set out in, the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any Deferred Interest and accrued interest thereon) payable in respect of the Class B Notes, the Class A Step-Up Amounts and/or the Class B Step-Up Amounts after having paid or provided for items of higher priority, then the Issuer shall be entitled (unless there are then no Class A Notes outstanding) to defer, to the next Interest Payment Date, the payment of interest in respect of the Class B Notes, the Class A Step-Up Amounts and/or the Class B Step-Up Amounts (as applicable) to the extent only of any insufficiency of funds after having paid or provided for all

amounts specified as having a higher priority than interest payable in respect of the Class B Notes, the Class A Step-Up Amounts and/or the Class B Step-Up Amounts (as applicable).

Any amount of interest (including any Deferred Interest (as defined below) arising on the immediately preceding Interest Payment Date and accrued interest thereon) on the Class B Notes, the Class A Step-Up Amounts and/or the Class B Step-Up Amounts (as applicable) which is not payable on an Interest Payment Date as a result of the provisions of this paragraph (i) is the **Deferred Interest** arising on any such Interest Payment Date. Interest will accrue on the amount of any such Deferred Interest at the Rate of Interest from time to time applicable to the Class B Notes and on the same basis as interest on the Class B Notes then applicable (other than for Deferred Interest pertaining to the Class A Step-Up Amounts, in respect of which interest will accrue on the amount of any such Deferred Interest at the Rate of Interest from time to time applicable to the Class A Notes and on the same basis as interest on the Class A Notes then applicable). Any Deferred Interest and accrued interest thereon is payable on the next Interest Payment Date unless and to the extent that this paragraph (i) applies. As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes, the Class A Step-Up Amounts and/or the Class B Step-Up Amounts (as applicable) will be deferred or that a payment previously deferred will be made in accordance with this paragraph (i), the Issuer will give notice thereof to the Class B Noteholders and/or the Class A Noteholders (as applicable) in accordance with Condition 15 (*Notice to Noteholders*). Any deferral of interest in accordance with this paragraph (i) will not constitute an Event of Default. The provisions of this paragraph (i) shall cease to apply on the Final Maturity Date, at which time all Deferred Interest and accrued interest thereon shall become due and payable.

## 6. REDEMPTION

### (a) *Mandatory Redemption of the Notes in Part*

On each Interest Payment Date (other than an Interest Payment Date on which the Notes are redeemed in full under paragraph (c), (d) or (e) below), each Note of each Class shall be redeemed in an amount equal to the Note Redemption Amount (as defined below) applicable to the relevant Class of Notes, divided by the number of Notes of that Class outstanding on the relevant Interest Payment Date. The Cash Manager (which expression when used in this Condition 6 (*Redemption*) shall include any substitute Cash Manager appointed to perform some or all of the role, as the case may be, of the Cash Manager) shall on the Calculation Date relating to such Interest Payment Date, determine the Note Redemption Amount and the Principal Amortisation Amount (each as defined below) applicable to each Class of Notes as set out below:

**150 Days in Arrears** means, in respect of a Loan at any time, a classification to be applied to that Loan when the aggregate amount due under the Loan which has not been paid by the relevant Borrower when due and which remains outstanding is equal to or greater than six times the then current monthly instalment amount.

**Calculation Date** means the date in each quarter falling two days (other than Saturdays or Sundays) before each Interest Payment Date, on which banks are open for business in London, and on which calculations are made for the Interest Period ending on the immediately succeeding Interest Payment Date by reference to the determinations made on the immediately preceding Calculation Date.

**Class A Credit Enhancement Ratio** means, on any date, the ratio, expressed as a percentage (rounded downwards to two decimal places) of:

(a) the aggregate of the Principal Amount Outstanding of the Class B Notes as at such date.

over

(b) the aggregate of the Principal Amount Outstanding of all the Notes as at such date.

**Class A Note Redemption Amount** means on any Calculation Date:

- (a) if the Performance Criteria are satisfied on such Calculation Date, an amount equal to the Class A Pro-Rata Percentage of the Principal Amortisation Amount on such Calculation Date; and
- (b) if the Performance Criteria are not satisfied on such Calculation Date, an amount equal to the lesser of:
  - (i) the Principal Amortisation Amount; and
  - (ii) the then Principal Amount Outstanding of the Class A Notes.

**Class A Pro-Rata Percentage** means, at any time, the fraction expressed as a percentage, the numerator of which is the Principal Amount Outstanding of the Class A Notes at such time, and the denominator of which is the Principal Amount Outstanding of all of the Notes at such time.

**Class B Note Redemption Amount** means on any Calculation Date:

- (a) if the Performance Criteria are satisfied on such Calculation Date, an amount equal to the Class B Pro-Rata Percentage of the Principal Amortisation Amount on such Calculation Date; and
- (b) if the Performance Criteria are not satisfied on such Calculation Date, an amount equal to the lesser of:
  - (i) the Principal Amortisation Amount less any amounts repayable on the Class A Notes on the next following Interest Payment Date; and
  - (ii) the then Principal Amount Outstanding of the Class B Notes.

**Class B Pro-Rata Percentage** means, at any time, the fraction expressed as a percentage, the numerator of which is the Principal Amount Outstanding of the Class B Notes at such time, and the denominator of which is the Principal Amount Outstanding of all of the Notes at such time.

**Collection Date** means the 1st day of March, June, September, and December of each year.

**Collection Period** means each period starting on (and including) a Collection Date and ending on (but excluding) the immediately succeeding Collection Date.

**Default Ratio** means, as of a Calculation Date, the ratio, expressed as a percentage (rounded downwards to two decimal places) of:

- (a) the aggregate of all Principal Losses as of the end of the immediately preceding Collection Period;
- to
- (b) the aggregate Principal Outstanding Balance of the Loans at the Closing Date.

**Defaulted Loan** means a Loan which is 150 Days in Arrears, or which has been referred to the Servicer's non-performing loans division, whichever occurs earlier.

**Determination Date** means the first Business Day following the end of a Collection Period.

**Expected Amortisation Amount** means, in relation to each Calculation Date, the aggregate Principal Amount Outstanding of all Notes less the Principal Outstanding Amount of the Loans, in each case as at such Calculation Date.

**Note Redemption Amount** means the Class A Note Redemption Amount and the Class B Note Redemption Amount or any one of them, as the context may require.

The **Performance Criteria** in respect of a Calculation Date are that:

- (a) on such Calculation Date the Reserve Account will be funded to the Required Reserve Fund Amount;
- (b) on such Calculation Date the Default Ratio is less than 4.0 per cent.;
- (c) the Class A Credit Enhancement Ratio as at such Calculation Date is equal to or exceeds two times the Class A Credit Enhancement Ratio as at the Closing Date;
- (d) the Outstanding Balance of the Portfolio at the immediately preceding Calculation Date is greater than 10% of the Outstanding Balance of the Portfolio at the Closing Date.

**Principal Amortisation Amount** means, in respect of an Interest Payment Date, the aggregate of (i) any amount comprising the Principal Amortisation Amount on the immediately preceding Interest Payment Date which has been retained in the Issuer Transaction Account and (ii) the lower of:

- (a) the Available Funds relating to such Interest Payment Date, minus:
  - (i) to the extent that the Pre-Enforcement Priority of Payments is by reference exclusively to paragraph (a) of the Pre-Enforcement Priority of Payments, all amounts falling due and payable under items (i) to (ix) (inclusive) of paragraph (a) of the Pre-Enforcement Priority of Payments on such Interest Payment Date;
  - (ii) to the extent that the Pre-Enforcement Priority of Payments is by reference to paragraphs (a) and (b) of the Pre-Enforcement Priority of Payments,
    - (A) for so long as any Class A Notes are outstanding, the aggregate of,
      - (1) all amounts falling due and payable under items (i) to (viii) (inclusive) of paragraph (a) of the Pre-Enforcement Priority of Payments; and
      - (2) item (ix) of paragraph (b) of the Pre-Enforcement Priority of Payments;on such Interest Payment Date; and
    - (B) following redemption of the Class A Notes in full but for so long as any Class B Notes are outstanding, the aggregate of:
      - (1) all amounts falling due and payable under items (i) to (ix) (inclusive) of paragraph (a) of the Pre-Enforcement Priority of Payments; and
      - (2) items (ix) and (x) and (xi) of paragraph (b) of the Pre-Enforcement Priority of Payments,on such Interest Payment Date; and

- (b) the greater of (i) zero and (ii) the Expected Amortisation Amount.

**Principal Amount Outstanding** means in respect of any Note at any time the principal amount thereof as at the Closing Date as reduced by any payment of principal to the holder of the Note up to (and including) that time.

**Principal Outstanding Amount of the Loans** means, in relation to each Calculation Date, (i) the aggregate of the Principal Outstanding Balances of the Loans less (ii) the aggregate Principal Loss, in each case as at the immediately preceding Determination Date.

**Principal Outstanding Balance** means, at any time in relation to a Loan, the principal amount outstanding of the Loan at such time excluding (i) accrued interest and (ii) costs due but not received from a Borrower, calculated in accordance with the terms of the relevant Loan Documentation.

**Principal Loss** means, in respect of a Loan, the amount required to be deemed as lost under the terms of the Servicing Agreement, being, for Defaulted Loans, an amount equal to 100 per cent. of the Principal Outstanding Balance of that Loan.

- (b) *Calculation of Note Principal Payments and Principal Amount Outstanding*

On each Calculation Date the Cash Manager shall determine (x) the amount of the Note Redemption Amount applicable to each Class of Notes due on the Interest Payment Date next following such Calculation Date and (y) the Principal Amount Outstanding of each Note of each Class on the first day of the next following Interest Period (after deducting any Note Redemption Amount in relation to Notes of the relevant Class due to be made on the Interest Payment Date next following such Calculation Date). Each determination by the Cash Manager of any Note Redemption Amount and the Principal Amount Outstanding of a Note (in each case in the absence of wilful default, bad faith or manifest or proven error) shall be final and binding on all persons.

The Issuer or the Cash Manager on its behalf will cause each determination of a Note Redemption Amount and Principal Amount Outstanding for each Class of Notes to be notified forthwith upon such determination to the Trustee, the Paying Agent, the Agent Bank and, for so long as any Class of Notes is listed on the Irish Stock Exchange, to the Irish Stock Exchange and to the Noteholders in accordance with Condition 15 (*Notices to Noteholders*).

If the Cash Manager at any time for any reason does not determine a Note Redemption Amount or the Principal Amount Outstanding applicable to the Notes for each Class of Notes in accordance with the preceding provisions of this paragraph (b), such Note Redemption Amount and Principal Amount Outstanding, as the case may be, for each Class of Notes shall be determined by or on behalf of the Trustee in accordance with this paragraph (b) and paragraph (a) above (but based on such information as it has in its possession) and each such determination or calculation shall be deemed to have been made by the Cash Manager.

- (c) *Optional Redemption in Full for Taxation*

If the Issuer at any time satisfies the Trustee that:

- (i) any amount is required to be deducted or withheld from interest or principal payable to the Issuer on the Loans, by reason of a change in law, or a change in the interpretation or administration thereof, which change becomes effective after the Closing Date and/or the Seller and/or the Servicer is required to gross-up any amount to be paid to the Issuer as a result of such change of law, or such change in the interpretation or administration thereof, in accordance with the terms of the Mortgage Sale Agreement or the Servicing Agreement, as applicable;

- (ii) the Issuer has become subject to taxation or has incurred a taxation liability in Greece by reason of a change in law, or a change in the interpretation or administration thereof, which change becomes effective on or after the Closing Date;
- (iii) the Issuer (or the Paying Agent on its behalf) would be required to make any withholding or deduction for or on account of any present or future tax, duty or charge of whatsoever nature (wherever incurred or levied); or
- (iv) the Issuer has incurred a taxation liability in the United Kingdom by reason of a change in law or a change in the interpretation or administration thereof, which change becomes effective on or after the Closing Date and which taxation liability is materially greater than the taxation liability it would have been subject to had such change in law or change in the interpretation or administration thereof not occurred,

then the Issuer shall inform the Trustee accordingly and shall, in the case of (iii) above, in order to avoid the event described therein, use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee and on terms acceptable to the Rating Agency and the Trustee as principal debtor under the Notes in accordance with Condition 12(c) (*Meetings of Noteholders, Modification, Waiver Substitution and Trustee's Discretion*), and if the Issuer is unable to arrange such a substitution which would have the result of avoiding the event described in paragraph (iii) above, or in any case on the occurrence of an event described in (i), (ii) or (iv) above, then the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with Condition 15 (*Notices to Noteholders*) and the Swap Provider, redeem all (but not some only) of the Notes at their respective Principal Amounts Outstanding together with accrued interest on the next Interest Payment Date, provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it will have the funds, not subject to the interest of any other person, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Cash Management Agreement or the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the event described above applies (or, in the case of paragraph (iii) above, will apply on the occasion of the next Interest Payment Date and cannot be avoided by the Issuer using its reasonable endeavours to arrange a substitution as aforesaid) and that the Issuer will have the funds referred to above and the Trustee shall (in the absence of manifest errors) accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

(d) *Optional Redemption in Full for Other Reasons*

On any Interest Payment Date on or after:

- (i) the Step-Up Date; or
- (ii) the date on which the aggregate Principal Amount Outstanding of the Notes (after taking account of any payment of principal on the Notes which, but for this paragraph (ii), would fall to have been made on such Interest Payment Date) would be 10 per cent. or less of their original aggregate Principal Amount Outstanding as at the date of issue of the Notes; or
- (iii) it becomes unlawful (by reason of a change in law of the Hellenic Republic or the interpretation or administration thereof since the Closing Date) for the Issuer to perform its obligations under the Notes or any of the Transaction Documents,

the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) and the Swap Provider, redeem all (but not some only) of the Notes at their respective Principal Amounts Outstanding together with accrued interest provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it

will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Cash Management Agreement and/or the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer will have such funds and the Trustee shall (in the absence of manifest errors) accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any such Note other than by way of redemption pursuant to this paragraph (d).

(e) *Redemption on Maturity*

Save to the extent otherwise redeemed or cancelled in accordance with this Condition the Issuer shall redeem the Notes of each Class at their respective Principal Amounts Outstanding plus interest accrued and unpaid on the Interest Payment Date which falls in June 2055 (the **Final Maturity Date**).

(f) *Purchase*

The Issuer shall not purchase Notes.

(g) *Cancellation*

All Notes redeemed in full will be cancelled forthwith and may not be reissued.

## 7. PAYMENTS

- (a) Payments of principal and interest in respect of the Notes will be made in euro against presentation of the relevant Global Notes or Definitive Notes and/or Coupons (as the case may be) at the specified office of the Paying Agent. Payments of principal and interest will in each case be made by euro cheque drawn on a bank in the European Union and posted in Dublin or, at the option of the holder, by transfer to a euro denominated account maintained by the payee with a branch of a bank in the European Union. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on the relevant Global Note by the Paying Agent to which such Global Note was presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made. Payments of principal and interest in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto and to normal banking practice. Upon the date on which any Definitive Note becomes due and repayable in full, all unexpired Coupons appertaining to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.
- (b) None of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note of the relevant Class shall have any claim directly against the Issuer or the Trustee in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer or the Trustee, as the case may be, shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.
- (c) If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 5 (*Interest*) will be paid against presentation of such Note at the specified office of any Paying Agent.

- (d) If the date of presentation of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further payments of additional amounts by way of interest, principal or otherwise. In this Condition 7(d) (*Payments*) the expression **Payment Day** means any day which is or falls after the relevant due date for payment in respect of a Note or Coupon and is 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, Dublin and the place of presentation and, in the case of payment by transfer to a euro denominated account as referred to above, is a Business Day.
- (e) If the Paying Agent makes a partial payment in respect of any Note presented to it for payment, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make the appropriate entries in their records to reflect such payment.
- (f) The initial Paying Agent and its initial specified office is stated at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain a Paying Agent. The Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agent or its specified office to be given in accordance with Condition 15 (*Notice to Noteholders*).

## 8. PRESCRIPTION

Claims for principal in respect of Global Notes shall become void unless presented for payment within a period of ten years from the relevant date (as defined below) in respect thereof. Claims for interest in respect of Global Notes shall become void unless presented for payment within a period of five years from the relevant date in respect thereof. Claims in respect of Definitive Notes and coupons shall become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date. In this Condition, the **relevant date** means the date on which a payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Paying Agent or the Trustee on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

## 9. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature (and wherever imposed) unless the Issuer (or the Paying Agent) is required by applicable law to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or the Paying Agent (as the case may be) shall (subject to its obligations and rights under Condition 6(c) (*Optional Redemption in Full for Taxation*)) make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor the Paying Agent will be obliged to make any additional payments to Noteholders in respect of any such withholding or deduction.

## 10. EVENTS OF DEFAULT

- (a) The Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the

Trust Deed) of the holders of the Most Senior Class of Notes then outstanding shall, (subject in each case to its being secured and/or indemnified to its satisfaction) give notice in writing (an **Acceleration Notice**) to the Issuer, with a copy to the Swap Provider, declaring the Notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events (each, an **Event of Default**):

- (i) default by the Issuer being made for a period of three days in the payment of any principal of, or default is made for a period of five days in the payment of any interest on, any Note when and as the same ought to be paid in accordance with these Conditions provided that a deferral of interest in accordance with Condition 5(i) (*Deferral of Payment*) shall not constitute a default in the payment of such interest for the purposes of this Condition 10(a)(i) and any failure to pay the Class A Step-Up Amounts or the Class B Step-Up Amounts when due will not be an Event of Default in respect of the Class A Notes or the Class B Notes (as the case may be); or
- (ii) breach by the Issuer of any representation or warranty made by it in these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continues for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or
- (iii) the Issuer failing duly to perform or observe any other obligation, condition or provision binding upon it under these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continues for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or
- (iv) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in sub-paragraph (v) below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business (or a substantial part thereof) or the Issuer being (or being deemed to be) unable to pay its debts as and when they fall due; or
- (v) an order being made or an effective resolution being passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved in writing by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or
- (vi) proceedings being initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to an application to the court for an administration order), or an administration order being granted or an administrative receiver or other receiver (including documents being filed with the Court for the appointment of an administrator or notice of intention to appoint an administrator being served), liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer, and such proceedings, distress, execution or process (as the case may be) not being discharged or not otherwise ceasing to apply within 15 days, or the Issuer

initiating or consenting to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally,

provided that in the case of each of the events described in sub-paragraphs (ii) and (iii) of this paragraph (a), the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding.

- (b) Upon any declaration being made by the Trustee in accordance with paragraph (a) above that the Notes are due and repayable the Security shall become enforceable and each Note shall thereby immediately become due and repayable at its Principal Amount Outstanding together with accrued interest as provided in the Trust Deed subject to the Post-Enforcement Priority of Payments.

## **11. ENFORCEMENT**

- (a) The Trustee may, at its discretion and without notice at any time and from time to time, take such proceedings or other action it may think fit to enforce the provisions of the Transaction Documents, the Notes and Coupons, provided that, subject to paragraph (c) below, enforcement of the Security shall be the only remedy available for the repayment of the Class A Notes and the Class B Notes and the payment of accrued interest (including any Deferred Interest and accrued interest thereon) and, at any time after the Security has become enforceable, take such steps as it may think fit to enforce the Security, but it shall not be bound to take any such proceedings, action or steps unless (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or so requested in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding for the time being of the Most Senior Class of Notes outstanding and (b) it shall have been secured and/or indemnified to its satisfaction.
- (b) Subject to paragraph (c) below, no Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Security unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Security at the request of any of the Other Secured Parties under the Deed of Charge or otherwise.
- (c) If the Trustee has taken enforcement action under the Deed of Charge and distributed all of the resulting proceeds (including the proceeds of realising the security thereunder), to the extent that any amount is still owing to any Noteholder (a **Shortfall**), any such Noteholder shall be entitled to proceed directly against the Issuer in order to claim such Shortfall and the Trustee shall not be responsible for any liability occasioned thereby, nor shall it vouch for the validity of any such claim.

## **12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION AND TRUSTEE'S DISCRETIONS**

- (a) The Trust Deed contains provisions for convening meetings of Noteholders of any Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents or any other documents the rights and benefits of the Issuer in respect of which are comprised in the Security.

The quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution shall be one or more persons present holding or representing over 50 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding

or, at any adjourned meeting, one or more persons present being or representing the Noteholders of the relevant Class whatever the aggregate Principal Amount Outstanding of the Notes of the relevant Class so held or represented, except that, at any meeting the business of which includes the making of any Basic Terms Modification, the necessary quorum for passing the related Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 33 per cent., in aggregate Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all the Class B Noteholders irrespective of its effect upon them except an Extraordinary Resolution to sanction a Basic Terms Modification (as defined below), which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Class B Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class B Noteholders.

An Extraordinary Resolution passed at any meeting of Class B Noteholders (other than a sanctioning Extraordinary Resolution referred to above) shall not be effective unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders.

As used in these Conditions and the Trust Deed:

- (i) **Extraordinary Resolution** means (a) a resolution passed at a meeting of the Noteholders of any Class duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of not less than 75 per cent. in aggregate Principal Amount Outstanding of the Noteholders of such Class which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of such Class and shall be as valid, effective and binding as a resolution duly passed at such a meeting; and
- (ii) **Basic Terms Modification** means, in respect of a Class of Notes:
  - (A) a change in 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, of the method of calculating the date of payment in respect of any principal or interest in respect of such Notes;
  - (B) alteration of the currency in which payments under such Notes and the Coupons appertaining thereto are to be made;
  - (C) alteration of the quorum or majority required to pass an Extraordinary Resolution;
  - (D) the sanctioning of any such scheme or proposal in respect of such Notes as is described in paragraph 18(i) of Schedule 3 to the Trust Deed;
  - (E) alteration of this definition or the provisos to paragraphs 5 and/or 6 of Schedule 3 to the Trust Deed;
  - (F) alteration of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments; and

- (G) alteration of the Charged Property or amendment to any of the documents relating to the Charged Property or any other provision of the Security.
- (b) The Trustee may agree, without the consent of the Noteholders, (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions, the Trust Deed or any of the other Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders, or (ii) to any modification of these Conditions or any of the Transaction Documents, which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. The Trustee may also, without the consent of the Noteholders, determine that any Event of Default shall not, or shall not subject to specified conditions, be treated as such provided that it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders to do so. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*), the Rating Agency and the Irish Stock Exchange as soon as practicable thereafter.
- (c) The Trustee may agree, without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer (unless all or substantially all of the assets of the Issuer are transferred to such body corporate), (ii) such body corporate being a single purpose vehicle and undertaking itself to be bound by provisions corresponding to those set out in these Conditions, (iii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby and (iv) certain other conditions set out in the Trust Deed being complied with. In the case of a substitution pursuant to this paragraph (c), the Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change of the laws governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders. No such substitution shall take effect unless it applies to all the Notes then outstanding.

### **13. INDEMNIFICATION AND EXONERATION OF THE TRUSTEE**

The Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless secured and/or indemnified to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Seller or any agent or related company of the Seller or by clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other persons whether or not on behalf of the Trustee.

The Trust Deed contains provisions pursuant to which the Trustee or any of its related companies is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Charged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Charged Property and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also relieves the Trustee of any liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge. The Trustee has no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of the Security or the Transaction Documents. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless secured and/or indemnified to its satisfaction or to supervise the performance by the Servicer, the Swap Provider or any other person of their obligations under the Transaction Documents and the Trustee shall assume, until it has notice in writing to the contrary, that all such persons are properly performing their duties, notwithstanding that the Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

The Trust Deed and certain of the other Transaction Documents contain other provisions limiting the responsibility, duties and liability of the Trustee. The Trustee will not be obliged to enforce the provisions of the Trust Deed unless it is directed to do so by the Noteholders and unless it is indemnified to its satisfaction.

#### **14. REPLACEMENT OF THE NOTES AND COUPONS**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Paying Agent 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 Notes or Coupons must be surrendered before replacements will be issued.

#### **15. NOTICE TO NOTEHOLDERS**

Any notice to the Noteholders shall be validly given if published (a) in one leading London daily newspaper (which is expected to be the *Financial Times*), and (b) (for so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require) in a leading English language newspaper having general circulation in Dublin (which is expected to be the *Irish Times*) or, if either such newspaper shall cease to be published or timely publication therein shall not be practicable, in the opinion of the Trustee, in another appropriate newspaper or newspapers as the Trustee shall approve having a general circulation in London or Dublin (as appropriate) previously approved in writing by the Trustee. Any such notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

Whilst the Notes are represented by Global Notes, notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders rather than by notification as required above provided that so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange so agrees. Any notice delivered to Clearstream, Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the day after the day of such delivery.

A copy of each notice given in accordance with this Condition 15 (*Notice to Noteholders*) shall be provided to Fitch Ratings Ltd (**Fitch** and the **Rating Agency**), which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer to provide a credit rating in respect of the Notes or any Class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to rating and ratings in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agency.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

**16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Neither this Note nor any Coupon or Talon confers any rights on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Trust Deed, this Note or any such Coupon or Talon, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

**17. GOVERNING LAW AND JURISDICTION**

The Notes, the Coupons, the Trust Deed and the other Transaction Documents are governed by English law (other than the Greek Assignment Agreement which is governed by Greek law) and are subject to the non-exclusive jurisdiction of the courts of England and Wales.

## SUBSCRIPTION AND SALE

UBS Limited (the **Lead Manager**) has entered into a subscription agreement dated on or about the date of this Prospectus (the **Subscription Agreement**), with the Issuer and the Seller, pursuant to which Piraeus in its capacity as initial subscriber (the **Initial Subscriber**) has, subject to certain conditions, agreed to subscribe for the Class A Notes and the Class B Notes.

The Issuer has agreed to reimburse the Lead Manager for certain of its expenses in connection with the issue of the Notes. The Lead Manager is entitled to terminate the Subscription Agreement in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the offer and sale of the Notes.

Except for listing the Notes on the Irish Stock Exchange, no action is being taken to permit a public offering of the Notes, or the distribution of any document, in or from any jurisdiction where action would be required for such purposes. This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

The Lead Manager has represented to the Issuer and agreed that:

(i) **United States of America:**

- (a) the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities law, and may not be offered or sold or delivered, directly or indirectly, within the United States except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act and applicable state laws. Each Manager has represented, warranted and agreed that, it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act.
- (b) it has offered and sold the Notes, and will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the **distribution compliance period**), only in accordance with Rule 903 of Regulation S under the Securities Act (**Regulation S**) and that at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date with respect to the Securities, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

(ii) **United Kingdom:**

- (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 Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes 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 the Notes in, from or otherwise involving the United Kingdom

(iii) **Greece:** it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in Greece any Notes to more than 150 institutional and private investors in compliance with article 10 of the Securitisation Law.

(iv) **Ireland:**

- (a) it has not underwritten the issue of, or placed the Notes, otherwise than in conformity with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (MiFID Regulations), including, without limitation, Parts 6, 7, and 12 thereof and the provisions of the Investor Compensations Act 1998;
- (b) it has not underwritten the issue of, or placed, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2004 (as amended) and any codes of conduct rules made under Section 117(1) thereof;
- (c) it has not and will not offer or sell any Notes, or placed, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Irish Central Bank and Financial Services Regulatory Authority (IFSRA);
- (d) it has not underwritten the issue of, placed or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by IFSRA; and
- (e) it has only made offers in relation to the Notes if such offers have been consistent with those described in section 33(5) of the Irish Companies Act 1963 (as amended by the Investment Funds, Companies and Miscellaneous Provisions Act 2006).

Other than with respect to the listing of the Notes on the Irish Stock Exchange, no action has been or will be taken in any country or jurisdiction by the Lead Manager and Issuer that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer to

comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material in all cases at their own expense.

## TAXATION

**The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current law and practice in the United Kingdom and Greece as at the date of this Prospectus relating to certain aspects of the United Kingdom taxation and Greek taxation of the Notes. Special rules may apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom and Greece should seek their own professional advice.**

### GREEK TAXATION

Interest on the Notes payable to Greek investors or investors with a permanent establishment in Greece would be subject to a withholding tax of 10 per cent on each amount of interest payable if the relevant payment was made by a financial institution in Greece. Such withholding may not extinguish the income tax obligation of some of the above investors, as the latter may have to include the interest received in their overall income and be fully taxed for it in Greece. Interest payable on the Notes would incur a 10% withholding tax for Greek Noteholders on each amount of interest payable.

**No additional amounts would be payable by the Issuer or by any other person if any such deduction or withholding were required to be made.**

The Issuer has not appointed any paying agent in Greece. However, under law 3312/2005, which incorporated the EU Savings Directive 2003/48/EU, any credit institution established in Greece (or a Greek branch of a foreign credit institution) effecting payments in Greece of interest arising from notes, irrespective of whether such credit institution has been appointed as paying agent or not, must identify the (natural persons) beneficiaries of such interest; on the basis of these provisions, in combination with the general Greek law provisions on withholding tax (law 2238/1994), Greek credit institutions paying interest due to the Notes to Greek Noteholders may be required to withhold tax thereon, currently at the rate of 10%. Prospective Noteholders in Greece, or prospective Noteholders who might receive income from the Notes in Greece, should consult with their own tax advisers as to the taxation of income from the Notes in Greece.

### UNITED KINGDOM TAXATION

*The following is a summary of the Issuer's understanding of the law and published practice in the United Kingdom as at the date of this document in relation to certain aspects of the United Kingdom taxation of payments in respect of, and of the issue and transfers of, the Notes. The comments do not deal with all United Kingdom tax aspects of acquiring, holding or disposing of the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of Noteholders (such as dealers or persons connected with the Issuer). The comments are made on the assumption that there will be no substitution of the Issuer pursuant to the Trust Deed and do not consider the tax consequences of any such substitution.*

*The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their own professional advisors. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom are particularly advised to consult their professional advisors as to whether- they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

## **(A) Interest on the Notes**

### **Payment of Interest on the Notes**

For so long as the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the Irish Stock Exchange is such a "recognised stock exchange" for this purpose) interest payments on the Notes will be treated as a "payment of interest on a quoted Eurobond" within the meaning of section 882 of the Income Tax Act 2007. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the owner is within the charge to United Kingdom corporation tax as regards the payment of interest or that the payment is made to one of the persons listed in sections 933-937 of the Income Tax Act 2007 in the circumstances specified in section 930 of the Income Tax Act 2007, provided that HM Revenue and Customs have not given a direction (in circumstances where it is reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In all other cases, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the savings rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply.

Noteholders who are individuals may wish to note that HM Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

### **EU Directive on the Taxation of Savings Income**

On 3 June 2003, the European Council of Economic and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period Austria, Belgium and Luxembourg will be required (unless during that period they direct otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependant upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures with effect from the same date.

### **Further United Kingdom Income Tax Issues**

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation wholly or partly in the United Kingdom in connection with which the interest is received or to which the Notes are attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the

Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

**(B) United Kingdom Corporation Tax Payers**

In general, Noteholders that are within the charge to United Kingdom corporation tax will be treated as realising profits or losses (including interest, and profits and gains arising as a result of currency fluctuations) for corporation tax purposes in respect of their holding of the Notes (and amounts payable thereunder) in accordance with the statutory accounting treatment applicable to such Noteholder.

**(C) Other United Kingdom Tax Payers**

Accrued Income Scheme – Individual Noteholders

A transfer of a Note by a Noteholder who is not within the charge to United Kingdom corporation tax and resident, or ordinarily resident in the United Kingdom or a Noteholder who is not resident or ordinarily resident in the United Kingdom but who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Note is attributable, may give rise to a charge to income tax in respect of an amount representing interest on the Note which has accrued since the preceding Interest Payment Date.

Taxation of chargeable gains - Individual Noteholders

As the Notes are denominated in euro, they will not be regarded by the Inland Revenue as constituting "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992.

Accordingly, a disposal (including a redemption) of Notes by an individual Noteholder who is resident or ordinarily resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable but in either case who is not within the charge to corporation tax, may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the individual circumstances of the Noteholder.

**(D) Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

No United Kingdom stamp duty or stamp duty reserve tax (SDRT) is payable on the issue of the Notes or on the transfer by delivery of a Note.

## GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the board of directors of the Issuer passed on or about the Closing Date.
2. It is expected that admission of the Notes to the Official List of the Irish Stock Exchange will be granted on the Closing Date subject only to the issue of the Global Notes.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Class A Notes is XS0359876066 and the Common Code is 035987606. The ISIN for the Class B Notes is XS0359876819 and the Common Code is 035987681.
4. Transactions will normally be effected for settlement in euro and for delivery on the third working day after the date of the transaction.
5. Save as disclosed in this Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
6. Save as disclosed in this Prospectus, since the date of its incorporation, the Issuer has not entered into any material contracts other than the Subscription Agreement, being contracts entered into other than in its ordinary course of business.
7. Save as disclosed in this Prospectus, since 29 January 2008 (being the date of incorporation of the Issuer), there has been (1) no material adverse change in the financial position or prospects of the Issuer, and (2) no significant change in the trading or financial position of the Issuer.
8. It is a condition of the issue of the Notes that:
  - (a) the Class A Notes are on issue assigned an AAA rating by Fitch; and
  - (b) the Class B Notes are on issue assigned a BBB rating by Fitch.

The ratings address the likelihood of timely payment of interest at the applicable rate of interest on each Interest Payment Date on the Class A Notes, the ultimate payment of interest at the applicable rate of interest on the Class B Notes and the ultimate payment of the Principal Amount Outstanding of the Notes at the Final Maturity Date. The ratings do not address the likelihood of the receipt of any Step-Up Amounts.

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 by Fitch. Each such rating should be evaluated independently of any other rating.

9. Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
10. The Issuer will not publish interim accounts. The Issuer will produce non-consolidated audited financial statements in respect of each financial year but will not produce consolidated audited financial statements. The Issuer anticipates that it will publish its first financial statement in approximately July 2009 in respect of the financial year ending 31 December 2008. Copies of the most recently published annual accounts from time to time will, so long as the Notes are admitted to the official list of the Irish Stock Exchange, be

available at the specified office of the Paying Agent within six months of the related year end. The Servicer will produce on behalf of the Issuer quarterly reports on the performance of the Portfolio. These quarterly reports will be available on Bloomberg and at the offices of the Paying Agent.

11. The Trust Deed and the Deed of Charge will provide that the Trustee may rely on reports and act on any advice, or other information from professional advisors or other experts in accordance with the Trust Deed or, as the case may be, the Deed of Charge, whether or not such advice, report or other information, engagement letter or other document entered into by the Trustee and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.
12.
  - (a) The addresses of the Lead Manager is as follows: UBS Limited, 100 Liverpool Street, London EC2M 2RH.
  - (b) The addresses of the Arranger is as follows: UBS Limited, 1 Finsbury Avenue, London EC2M 2PP.
13. According to Rule 1.6 of the Irish Stock Exchange Listing and Admission to Trading - Guidelines for Asset Backed Debt, the Notes of each Class shall be freely transferable.
14. Final copies (when available) of the following documents may be inspected in electronic/physical form during usual business hours on any weekday (excluding Saturdays and public holidays) at the specified offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA, England, the Paying Agent and the registered office of the Issuer for the life of the Prospectus:
  - (i) the Memorandum and Articles of Association of the Issuer;
  - (ii) the most recent balance sheet of the Issuer and the accountants' report thereon;
  - (iii) the most recently published annual audited non-consolidated financial statements of the Issuer;
  - (iv) the consent referred to in paragraph 7 above;
  - (v) the Agency Agreement;
  - (vi) the Subscription Agreement;
  - (vii) the Mortgage Sale Agreement;
  - (viii) the Trust Deed;
  - (ix) the Deed of Charge;
  - (x) the Swap Agreement;
  - (xi) the Subordinated Reserve Loan Agreement;
  - (xii) the Greek Assignment Agreement;
  - (xiii) the Cash Management Agreement;
  - (xiv) the Bank Account Agreement;
  - (xv) the Corporate Services Agreement;

- (xvi) the Servicing Agreement;
- (xvii) the Set-Off (Additional Payments) Loan Agreement;
- (xviii) the Set-Off (Deposits) Facility Agreement;
- (xix) the Master Definitions Schedule;
- (xx) the Issuer Agreement – ICSDs; and
- (xxi) the Collection Account Agreement (if any).

15. The total expenses related to the admission of the Notes to trading is estimated at €100,000.

## DEFINITIONS

<p>£</p> <p>£ 6</p> <p>€</p> <p>€ 6</p> <p><i>I</i></p> <p>150 Days in Arrears ..... 32, 147</p> <p><b>A</b></p> <p>Acceleration Notice ..... 154</p> <p>Accountholder ..... 139</p> <p>Additional Payments ..... 23, 124</p> <p>Agency Agreement ..... 10, 137</p> <p>Agent Bank ..... 10, 137</p> <p>Agents ..... 10</p> <p>Applicable Rate ..... 100</p> <p>Arranger ..... 3</p> <p>Arrears ..... 110</p> <p>Arrears Ratio ..... 14</p> <p>Article 632 Suspension Petition ..... 58</p> <p>Article 632-633 Annulment Petition ..... 58</p> <p>Article 933 Annulment Petition ..... 59</p> <p>Article 938 Suspension Petition ..... 59</p> <p>Athens Business Day ..... 102</p> <p>Authorised Investment ..... 30</p> <p>Available Funds ..... 34</p> <p>Available Security Fund ..... 44</p> <p><b>B</b></p> <p>Back-to-Back Swap ..... 99</p> <p>Bank Account Agreement ..... 10, 120</p> <p>Basel Committee ..... 64</p> <p>Basel II ..... 64</p> <p>Basic Terms Modification ..... 157</p> <p>Borrowers ..... 12</p> <p>Business Day ..... 145</p> <p><b>C</b></p> <p>CAD 3 ..... 64</p> <p>Calculation Date ..... 30, 148</p> <p>capital market arrangement ..... 63</p> <p>Cash Management Agreement ..... 11, 117</p> <p>Cash Management Services ..... 117</p> <p>Cash Manager ..... 11</p> <p>Change in Law Date ..... 124</p> <p>Charged Property ..... 140</p> <p>Citibank ..... 4</p> <p>Citibank Information ..... 4</p> <p>Class ..... 138</p> <p>Class A Credit Enhancement Ratio ..... 31, 148</p> <p>Class A Note Redemption Amount ..... 39, 148</p> <p>Class A Noteholders ..... 16</p> <p>Class A Notes ..... 2, 137</p> <p>Class A Original Margin ..... 17, 144</p> <p>Class A Pro-Rata Percentage ..... 39, 148</p> <p>Class A Step Up Margin ..... 17, 144</p>	<p>Class A Step-Up Amounts ..... 17</p> <p>Class B Note Redemption Amount ..... 40, 148</p> <p>Class B Noteholders ..... 16</p> <p>Class B Notes ..... 2, 137</p> <p>Class B Original Margin ..... 17, 145</p> <p>Class B Pro-Rata Percentage ..... 39, 148</p> <p>Class B Step Up Margin ..... 17, 145</p> <p>Class B Step-Up Amounts ..... 17</p> <p>Classes ..... 138</p> <p>Clearstream, Luxembourg ..... 2, 138</p> <p>Closed Deposit Account ..... 124</p> <p>Closed Deposit Amount ..... 125</p> <p>Closing Date ..... 137</p> <p>Collection Account Agreement ..... 28</p> <p>Collection Account Income ..... 29</p> <p>Collection Date ..... 35, 149</p> <p>Collection Period ..... 35, 149</p> <p>Collections ..... 28</p> <p>Common Safekeeper ..... 138</p> <p>Conditions ..... 137</p> <p>Corporate Services Agreement ..... 9, 120</p> <p>Corporate Services Provider ..... 9</p> <p>Couponholders ..... 137</p> <p>Coupons ..... 140</p> <p>Court of First Instance ..... 58</p> <p>CPR ..... 126</p> <p>Current LTV ..... 13</p> <p>Cut-Off Date ..... 13</p> <p><b>D</b></p> <p>Deed of Charge ..... 21, 117, 137</p> <p>Default Ratio ..... 32, 149</p> <p>Defaulted Loan ..... 32, 149</p> <p>Deferred Consideration ..... 104</p> <p>Deferred Interest ..... 147</p> <p>Definitive Notes ..... 139</p> <p>Deposit Amount ..... 56, 125</p> <p>Deposit Contribution ..... 125</p> <p>Determination Date ..... 149</p> <p>distribution compliance period ..... 160</p> <p>DTI Ratio ..... 81</p> <p><b>E</b></p> <p>Eligibility Criteria ..... 106</p> <p>Eligible Bank ..... 29</p> <p>Enforcement Procedures ..... 98</p> <p>Enforcement Proceeds ..... 103</p> <p>Enterprise Act ..... 62</p> <p>EUR ..... 6</p> <p>EURIBOR ..... 145</p> <p>euro ..... 6</p> <p>Euro Reference Rate ..... 145</p> <p>Euro Reserve Reference Rate ..... 146</p> <p>Euro Screen Rate ..... 145</p> <p>Euroclear ..... 2, 138</p> <p>Eurozone ..... 147</p> <p>Event of Default ..... 154</p> <p>Excess Swap Collateral ..... 41</p>
--	---

Exchange Event.....	135, 139
Expected Amortisation Amount.....	42, 149
Expenses Fund .....	40
Exposure Amount .....	56
Extraordinary Resolution .....	156

## F

Final Class Action Decision.....	54
Final Maturity Date.....	18, 152
Fitch .....	20, 159
Flexible Option Variation .....	100
Framework.....	53
FSMA.....	161
Fund.....	57

## G

Global Notes.....	2
Government.....	6
Greece .....	6
Greek Assignment Agreement.....	12, 116
Greek State.....	6
Guarantee.....	11
Guarantor.....	111

## H

holder of Notes .....	139
-----------------------	-----

## I

IBA Income .....	30
ICSDs.....	2
IFSRA .....	2
Income Receipts .....	43
Indemnity Amount .....	125
Initial Deposit Amount .....	125
Initial Deposit Amounts .....	125
Initial Portfolio.....	13
Initial Purchase Price .....	68
Initial Reserve Fund Amount .....	30
Initial Subscriber .....	160
Insolvency Act.....	61
Interest Coupons.....	140
Interest Determination Date .....	144
Interest Payment.....	144
Interest Payment Date.....	144
Interest Period .....	144
Investment Criteria .....	30
Irish Stock Exchange.....	146
Issuer.....	2, 137
Issuer Account Bank .....	10
Issuer Bank Accounts.....	33
Issuer Collection Account .....	29
Issuer Transaction Account .....	29

## L

Lead Manager .....	3, 160
Lending Criteria .....	79
Levy.....	98
Loan Documentation .....	98
Loan Income Receipts .....	43
Loan Warranties.....	104

Loans .....	11
LTV .....	81

## M

Master Definitions Schedule .....	138
Matured Time Deposit Amount.....	125
Minimum Rate .....	99
Monthly Collection Period .....	102
Monthly Instalment Amount.....	111
Monthly Servicer Report.....	102
Monthly Servicer Report Date.....	102
Mortgage Sale Agreement .....	9
Mortgagor.....	111
Most Senior Class of Notes.....	138

## N

net property .....	62
Note EURIBOR.....	18
Note Redemption Amount.....	149
Noteholders.....	16, 137, 139
Notes.....	2
Notification Form.....	113

## O

OEK .....	57
OEK Framework Agreement.....	111
Official Rate.....	124
Operating Procedures Manual .....	105
Original LTV .....	14
Originator .....	4
Other Agreements.....	22
Other Secured Parties.....	141

## P

Paying Agent .....	10
Payment Day .....	153
Performance Criteria.....	31, 149
Permanent Global Note .....	2
Permitted Variation .....	100
Piraeus.....	4, 9
Piraeus Base Rate.....	50
Piraeus Group .....	111
Piraeus Information.....	4
Piraeus Preferential Rate .....	50
Portfolio .....	13
Post-Closing Additional Payments .....	125
Post-Enforcement Priority of Payments .....	44
pounds.....	6
pounds sterling .....	6
Pre-Closing Additional Payments.....	125
Pre-Enforcement Priority of Payments.....	35
Preferential Period.....	111
Preferential Rate Loan .....	111
Pre-Notation .....	11
prescribed part.....	62
Principal Amortisation Amount .....	41, 149
Principal Amount Outstanding.....	150
Principal Coupons.....	140
Principal Loss.....	32, 150

Principal Outstanding Amount of the Loans .	43, 150
Principal Outstanding Balance.....	13, 150
Property.....	111
Prospectus .....	2
Prospectus Directive .....	2
Provisional Portfolio.....	13
Prudent Mortgage Lender .....	111
<b>R</b>	
Rate Event .....	99
Rate of Interest.....	144
Rate Variation.....	100
Rating Agency .....	20, 159
Rating Downgrade.....	25
Rating Downgrade Date.....	25
Rating Upgrade.....	26
Receipts.....	34
Reference Banks .....	145
Regulation S .....	160
Regulations.....	63
Related Security .....	11
relevant Clearing Systems.....	135
relevant date.....	153
Replacement Loan .....	99
Replacement Loans.....	13, 112
Replacement Loans Criteria .....	112
Republic.....	6
Republic of Greece.....	6
Repurchase Date .....	112
Required Reserve Fund Amount.....	31
Required Set-Off (Additional Payments)	
Reserve Amount .....	40
Reserve Account .....	30
Residential Property .....	111
Retired Loan .....	112
Revolving Period.....	14
<b>S</b>	
SDRT .....	165
SEC .....	4
Second Class Action Interim Decision .....	54
Second Supreme Court Decision .....	54
Secured Parties .....	10, 141
Securities Act .....	160
Securitisation Law .....	10, 95, 137
Securitisation Regulations.....	60
Securitization Secondary Legislation.....	96
Security .....	21, 140
Security Interest.....	111
Seller .....	9
Servicer .....	9
Servicer Collection Account.....	28
Servicer Performance Event.....	40
Servicer Report .....	102
Servicer Report Date .....	102
Services .....	97
Servicing Agreement .....	9
Set Off (Deposits) Facility .....	56

Set-Off (Additional Payments) Loan.....	23, 56
Set-Off (Additional Payments) Loan Agreement .....	23, 121
Set-Off (Additional Payments) Loan Provider	11
Set-Off (Additional Payments) Reserve Account .....	32
Set-Off (Deposits) Adjustment Date.....	26
Set-Off (Deposits) Advance .....	125
Set-Off (Deposits) Facility .....	24
Set-Off (Deposits) Facility Agreement .....	11, 122
Set-Off (Deposits) Facility Commitment..	24, 122
Set-Off (Deposits) Facility Limit.....	56
Set-Off (Deposits) Fund .....	25, 123
Set-Off (Deposits) Loan .....	25, 123
Set-Off (Deposits) Loan Facility .....	122
Set-Off (Deposits) Loan Provider .....	11
Set-Off (Deposits) Reserve Account .....	33
Share Trustee .....	9
Shortfall .....	156
SPV .....	95
Stabilising Manager .....	7
State.....	6
Step-Up Amounts .....	2, 17
Step-Up Date .....	17, 144, 145
Subordinated Loan Provider .....	11
Subordinated Reserve Loan.....	22
Subordinated Reserve Loan Agreement ..	22, 121
Subscription Agreement .....	160
Subsequent Loans .....	13
Subsequent Loans Criteria.....	114
Subsequent Purchase Price .....	113
Subsequent Transfer Date.....	113
Subsequent Valuation Date .....	114
Subsidised Loan .....	111
Swap Agreement .....	10, 118
Swap Income .....	43
Swap Provider .....	4, 10
Swap Provider Information .....	4
Swap Subordinated Amounts .....	41
Swap Substitution Amounts.....	41
Swap Tax Credit Amount.....	41
Swap Transaction.....	22
<b>T</b>	
Talons.....	140
TARGET Business Day .....	145
Tax Event.....	19, 119
Tax Reserve Ledger .....	36
Temporary Global Note.....	2, 138
Transaction Documents.....	21
Transaction Parties .....	5
Transfer Business Day .....	28
Transferor.....	95
Transparency Regulations .....	99
Treaty .....	6
Trust Deed .....	15, 116, 137
Trustee .....	10, 137

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