

## OFFERING CIRCULAR



### PIRAEUS GROUP FINANCE PLC

(incorporated with limited liability in England and Wales)

as Issuer

and

### PIRAEUS BANK S.A.

(incorporated with limited liability in the Hellenic Republic)

as Issuer and Guarantor

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

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

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

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

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

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

This Offering Circular comprises a base prospectus for Piraeus PLC and a base prospectus for Piraeus Bank, in each case for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") as amended (which includes the amendments made by Directive 2010/73/EU (the "2010 PD Amending Directive")) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area.

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

Application has been made to the Commission de Surveillance du Secteur Financier (the "CSSF") in its capacity as competent authority under the Luxembourg act relating to prospectuses for securities (loi relative aux prospectus pour valeurs mobilières) (the "Luxembourg Act") to approve this document as a base prospectus in respect of Piraeus PLC and a base prospectus in respect of Piraeus Bank. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) ("MiFID").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in the final terms (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, will be filed with the CSSF. The CSSF assumes no responsibility as to the economical and financial soundness of the issue of Notes under the Programme and the quality or solvency of the Issuers in line with the provisions of article 7(7) of the Luxembourg Law on prospectuses for securities.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer and the relevant Dealer. The relevant Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

No Notes have been or will be registered under the United States Securities Act 1933, as amended (the "Securities Act") and are subject to U.S. tax law requirements.

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

The Notes of each Tranche will be in bearer form and (unless otherwise specified in the applicable Final Terms) will initially be represented by a temporary global Note which will be deposited on the relevant issue date with a common depository on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), and/or any other agreed clearance system and which will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a permanent global Note either (i) is exchangeable (in whole but not in part) for definitive Notes upon not less than 60 days' notice or (ii) is only exchangeable (in whole but not in part) for definitive Notes following the occurrence of an Exchange Event (as defined on page 25), all as further described in "Form of the Notes" and "Form of Final Terms" below.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "CRA Regulation") will be disclosed in the Final Terms.

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

Any person (an "Investor") intending to acquire or acquiring any securities from any person (an "Offeror") should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Offering Circular only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Offering Circular for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Offering Circular and/or who is responsible for its contents it should take legal advice.

*Arranger*

**Citi**

*Dealers*

**Barclays Capital**  
**Citi**  
**Credit Suisse**  
**Goldman Sachs International**  
**Morgan Stanley**  
**Nomura**

**BofA Merrill Lynch**  
**Crédit Agricole CIB**  
**Deutsche Bank**  
**HSBC**  
**Natixis**  
**Piraeus Bank S.A.**

**UBS Investment Bank**

**25th July, 2011**

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

**The previous paragraph should be read in conjunction with the final paragraph on the first page of this Offering Circular.**

**Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.**

**An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Offering Circular and any Final Terms will not contain such information. The Investor must look to the Offeror at the time of such offer for the provision of such information. The Issuer has no responsibility to an Investor in respect of such information.**

**Copies of Final Terms will be available from the registered offices of Piraeus PLC and Piraeus Bank and the specified office set out below of each of the Paying Agents (as defined below).**

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

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

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

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

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning Piraeus PLC and/ or Piraeus Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of Piraeus PLC and/or Piraeus Bank during the life of the Programme. Investors should review *inter alia* the most recently published financial statements and, if published later, the most recently published interim financial statements (if any) of the relevant Issuer and, where Piraeus PLC is the relevant Issuer, Piraeus Bank, when deciding whether or not to purchase any Notes.

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

This Offering Circular has been prepared on the basis that, except to the extent subparagraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent subparagraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

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

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

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a 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 Tranche 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 Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## SUMMARY

*This summary must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated.*

*The following summary is qualified in its entirety by the remainder of this document.*

*Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.*

<b>Issuers:</b>	Piraeus Group Finance PLC  Piraeus Bank S.A., acting through its Issuing Branch (as specified in the applicable Final Terms)  Any issuance of Notes by Piraeus Bank S.A. is subject to the prior resolution of the Board of Directors of Piraeus Bank S.A.
<b>Guarantor (in the case of Notes issued by Piraeus PLC):</b>	Piraeus Bank S.A.
<b>Description of the Issuers and the Guarantor:</b>	Piraeus Bank was incorporated in Greece in 1916 and provides a wide variety of retail and commercial banking services in the Greek market. Piraeus PLC is a wholly owned subsidiary of Piraeus Bank and was incorporated in England in 2000. Detailed descriptions of Piraeus Bank and Piraeus PLC are set out later in this Offering Circular.
<b>Risk Factors:</b>	There are certain factors that may affect Piraeus Bank's ability to fulfil its obligations under Notes issued by it under the Programme and under the Deed of Guarantee. These are set out under "Risk Factors" below and include the risk of adverse changes in the banking markets, the Greek property market and the macro-economic environment. There are also certain factors that may affect Piraeus PLC's ability to fulfil its obligations under Notes issued by it under the Programme. These are also set out under "Risk Factors" below and include the fact that Piraeus PLC acts as a funding vehicle for Piraeus Bank. In addition, certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out under "Risk Factors" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to a particular Series of Notes and certain market risks.
<b>Description:</b>	Euro Medium Term Note Programme (the "Programme")
<b>Arranger:</b>	Citigroup Global Markets Limited

<b>Dealers:</b>	<p>Barclays Bank PLC  Citigroup Global Markets Limited  Crédit Agricole Corporate and Investment Bank  Credit Suisse Securities (Europe) Limited  Deutsche Bank AG, London Branch  Goldman Sachs International  HSBC Bank plc  Merrill Lynch International  Morgan Stanley &amp; Co. International plc  Natixis  Nomura International plc  Piraeus Bank S.A. (only in respect of issues of Notes by Piraeus PLC)  UBS Limited</p> <p>and any other Dealers appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche of Notes, in each case, in accordance with the Programme Agreement.</p>
<b>Certain Restrictions:</b>	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale" herein).</p> <p>Issues of Notes by Piraeus PLC denominated in Sterling shall comply with all applicable laws and regulations (as amended from time to time) of the United Kingdom authorities.</p>
<b>Issuing and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>Luxembourg Listing Agent:</b>	Deutsche Bank Luxembourg S.A.
<b>Amount:</b>	Up to €25,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory or central bank requirements, such currencies as may be agreed between the relevant Issuer and the relevant Dealer including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Japanese Yen, New Zealand dollars, Norwegian kroner, Sterling, Swedish kronor, Swiss francs and United States dollars (as indicated in the applicable Final Terms).
<b>Redenomination, Exchange or Consolidation:</b>	The applicable Final Terms may provide that certain Notes may be redenominated in euro or exchanged or consolidated. The relevant provisions applicable to any such redenomination, exchange or consolidation are contained in Condition 7.

**Maturities:**

Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer and/or the Guarantor, if applicable, or the relevant Specified Currency.

Under Part II of the Luxembourg Act dated 10th July, 2005 on prospectuses for securities which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of 'securities' are not subject to the approval provisions of Part II of such Act.

*If the Notes have a maturity of less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom (i) the Notes must have a minimum redemption value of £100,000 or its equivalent in other currencies and be sold only to "professional investors" (ii) or another applicable exemption from section 19 of the FSMA must be available.*

*Dated Subordinated Notes must have a maturity date falling at least five years after the Issue Date of such Dated Subordinated Notes.*

**Issue Price:**

Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. Dated Subordinated Notes must be issued on a fully paid-up basis.

**Form of Notes:**

Notes to be issued under the Programme will be either (i) senior Notes ("Senior Notes") or (ii) dated subordinated Notes ("Dated Subordinated Notes") as indicated in the applicable Final Terms. The Notes will be in bearer form. Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) be initially issued in the form of a temporary global Note or, if specified in the applicable Final Terms, a permanent Global Note, which in either case will be deposited on the relevant Issue Date with a common depositary, or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg and/or any other agreed clearance system as specified in the applicable Final Terms. Interests in each temporary global Note will be exchangeable, upon request as described therein, for either interests in a permanent global Note or definitive Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in either case not earlier than 40 days after the Issue Date upon certification of non- U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a permanent global Note either (i) is exchangeable (in whole but not in part) for definitive Notes upon not less than 60 days' notice or (ii) is only

exchangeable (in whole but not in part) for definitive Notes upon the occurrence of an Exchange Event, as described in “Form of the Notes” below. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearance system, as appropriate.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined by reference to one of the following:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer,

in each case, as indicated in the applicable Final Terms.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.

**Index Linked Notes:**

Each Issuer may offer Notes which provide for payments of principal, premium or interest which are linked to a currency or commodity index, securities exchange or commodities exchange index or other index or formula as agreed between the relevant Issuer and the relevant Dealer.

Payments of principal in respect of Index Linked Redemption Amount Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:**

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, or both (as indicated in the applicable Final Terms).

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Final Terms and will be calculated on

the basis of the relevant Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.

**Interest Periods for Floating Rate Notes:**

Such period(s) as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

**Change of Interest Basis Notes:**

Notes may be converted from one interest basis to another if so provided in the applicable Final Terms.

**Redemption:**

The Final Terms relating to each Tranche of Notes will indicate either that Notes of such Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below) or for taxation reasons (subject, in the case of Dated Subordinated Notes only, to having obtained the prior approval of the Bank of Greece, if then required) or following an Event of Default) or that such Notes will be redeemable prior to their stated maturity at the option of the relevant Issuer (subject, in the case of Dated Subordinated Notes only, to having obtained the prior approval of the Bank of Greece, if then required) and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as may be agreed between the relevant Issuer and the relevant Dealer.

*Prior to their stated maturity, Dated Subordinated Notes may be redeemed only at the option of the Issuer with the prior approval of the Bank of Greece.*

The applicable Final Terms may provide that such Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

**Denomination of Notes:**

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

<b>Taxation:</b>	All payments in respect of the Notes issued by Piraeus Bank will be made without deduction for or on account of Greek withholding taxes (or, in the case of Notes issued by Piraeus Bank through a branch situate in a jurisdiction other than the Hellenic Republic, withholding taxes imposed by the jurisdiction where such branch is situate) and all payments in respect of Notes issued by Piraeus PLC will be made without deduction for or on account of UK withholding taxes, subject as provided in Condition 10.
<b>Negative Pledge:</b>	<p>The Senior Notes will contain a negative pledge provision as further described in Condition 4.</p> <p>There will be no negative pledge provision relating to Dated Subordinated Notes.</p>
<b>Cross Default:</b>	<p>The Senior Notes will contain a cross default provision as further described in Condition 11(1)(a).</p> <p>The Dated Subordinated Notes will not contain a cross default provision.</p>
<b>Status of the Senior Notes:</b>	The Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer and will rank pari passu without any preference among themselves and at least pari passu with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of such Issuer (other than those preferred by mandatory provisions of law).
<b>Status of the Dated Subordinated Notes:</b>	The Dated Subordinated Notes will be direct, unsecured and subordinated obligations of the relevant Issuer and will rank at all times pari passu among themselves.
<b>Status of Deed of Guarantee:</b>	Notes issued by Piraeus PLC will be unconditionally and irrevocably guaranteed by Piraeus Bank (pursuant to a Deed of Guarantee dated 2nd July, 2008 (the "Deed of Guarantee")) on a subordinated or an unsubordinated basis, as specified in the relevant Final Terms.
<b>Rating:</b>	The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 will be disclosed in the Final Terms.
<b>Approval, listing and admission to trading:</b>	<p>Application has been made to the CSSF to approve this document as a base prospectus in respect of Piraeus PLC and in respect of Piraeus Bank. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between</p>

the relevant Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:**

The Notes and the Deed of Guarantee (other than Condition 3(a) when Dated Subordinated Notes are issued by Piraeus Bank and Condition 3(b) and clause 5.8 of the Deed of Guarantee when Dated Subordinated Notes are issued by Piraeus PLC) will be governed by and construed in accordance with, English law. Condition 3(a) when Dated Subordinated Notes are issued by Piraeus Bank and Condition 3(b) and clause 5.8 of the Deed of Guarantee when Dated Subordinated Notes are issued by Piraeus PLC (relating to subordination) will be governed by, and construed in accordance with, Greek law. Should Law 3156/2003 of the Hellenic Republic (the "Bond Law") apply in the case of issue of Notes by Piraeus Bank (the "Piraeus Bank Notes"), Piraeus Bank shall, if required to do so under the Bond Law, whether the holders of Piraeus Bank Notes (the "Piraeus Bank Noteholders") are organised in a group or otherwise, appoint an agent (the "Piraeus Bank Noteholders Agent") by way of a written agreement (the "Piraeus Bank Noteholders Agency Agreement"). The Piraeus Bank Noteholders Agent shall represent the Piraeus Bank Noteholders judicially and extra-judicially in accordance with the provisions of the Bond Law. The Piraeus Bank Noteholders Agency Agreement shall include, among others, provisions for convening meetings of the Piraeus Bank Noteholders to consider, inter alia, any matter affecting their interests, as may be required under the Bond Law. The particular duties, rights and liabilities of the Piraeus Bank Noteholders Agent and any amendments to the Conditions and this Offering Circular, inherent to (i) the appointment of the Piraeus Bank Noteholders Agent, and (ii) the entering into the Piraeus Bank Noteholders Agency Agreement shall be included in the relevant Final Terms and/or, if necessary, any supplement to this Offering Circular which will be prepared for the issue of Piraeus Bank Notes.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (which includes the United Kingdom and Greece) and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "Subscription and Sale" below.

## **RISK FACTORS**

*Each of the Issuers believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme and Piraeus Bank believes that the following factors may affect its ability to fulfil its obligations under the Deed of Guarantee. Most of these factors are contingencies which may or may not occur and neither Piraeus Bank nor Piraeus PLC is in a position to express a view on the likelihood of any such contingency occurring.*

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

*Each of the Issuers believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of Piraeus Bank or Piraeus PLC to pay interest, principal or other amounts on or in connection with any Notes or of Piraeus Bank to pay amounts in connection with the Deed of Guarantee may occur for other reasons and neither Piraeus Bank nor Piraeus PLC represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### **Factors that may affect Piraeus Bank's ability to fulfil its obligations under Notes issued under the Programme or under the Deed of Guarantee**

#### ***Banking Markets***

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

#### ***Greek Property Market***

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

#### ***Emerging Markets***

Apart from its operations in Greece, the U.K. and the U.S.A., Piraeus Bank has built up operations in Bulgaria, Romania, Albania, Serbia, Ukraine, Egypt and Cyprus. Its international operations outside the European Union or the U.S.A. are exposed to the risk of adverse political, governmental and/or economic developments, as well as to particular operating risks associated with emerging markets. These factors could have a material adverse effect on its financial condition and results of operations. It should be noted that Romania and Bulgaria joined the European Union on 1st January, 2007 and Cyprus joined the Eurozone on 1st January, 2008.

#### ***Regulation***

Piraeus Bank is regulated by the Bank of Greece. The regulatory regime requires Piraeus Bank to comply across many aspects of activity, including the training, authorisation and supervision of personnel, systems, processes and documentation. If Piraeus Bank fails to comply with relevant regulations, there is a risk of an adverse impact on the business due to sanctions, fines or other action imposed by the regulatory authorities.

The Bank of Greece and other bodies could impose further regulations or obligations in relation to current and past dealing with customers. As a result, Piraeus Bank may incur costs in complying

with these regulations or obligations relating to its business, including potential compensation and costs relating to advice given to customers.

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

Stress tests analysing the banking sector recently have been, and the Issuers anticipate that they will continue to be, conducted and subsequently published by national and supranational regulators including the Bank of Greece, the IMF, the ECB and others. Piraeus Bank S.A. was part of the 91 banks that recently underwent the stress test conducted by the European Banking Authority ("EBA"). In the future, the Issuers anticipate that they will participate in similar procedures in line with the Greek banking system as a whole. Hellenic Financial Stability Fund ("HFSF") has been established by Greek law 3864/2010 with the objective of maintaining the stability of the Greek banking system by enhancing the capital adequacy of credit institutions through HFSF's participation in the share capital increase of such financial institutions in the form of preference or ordinary shares. If a bank fails to pass stress tests required by the HFSF and is required to receive additional capital, the HFSF may exercise significant control over the operations of that bank.

### ***Financial Risks***

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

#### *Credit Risk*

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

#### *Market Risk*

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

#### *Operational Risk*

Operational risk corresponds to the risk of loss to the Bank due to inadequate or failed internal processes, procedures, systems, or tools. It also includes potential losses due to unforeseen

external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, employees and information systems. External events include natural disasters, fraud by employees or others, errors by employees, failure to comply with legal and/or regulatory requirements and conduct of business rules or equipment failures. Although Piraeus Bank has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in eliminating each of the operational risks.

#### *Liquidity Risk*

The inability of any bank, including Piraeus Bank, to anticipate and provide for unforeseen decreases or changes in funding sources could have adverse consequences on such bank's ability to maintain sufficient liquidity to meet financial obligations when they fall due.

#### ***Risks Relating to the Hellenic Republic Economic Crisis***

The weakness of the Greek public finances led to sovereign credit rating downgrades and affected the Hellenic Republic's ability to borrow from the international debt markets. In order to address this funding crisis the Greek government arranged an international loan with the EU, the IMF and the ECB in May, 2010. The loan agreement (€80 billion from the EU and €30 billion from the IMF) imposed strict fiscal conditionalities and a lengthy reforms agenda in a bid to ensure the viability of public finances and improve the competitiveness of the Greek economy. The implementation of the IMF/EU/ECB Economic Adjustment Programme may exacerbate the economic recession and have an adverse effect on the Bank's business, results of operations and financial condition.

As one of the largest financial institutions operating in Greece, the Bank's business, results of operations and financial condition are exposed in many different ways to the economic and financial performance, creditworthiness, prospects and economic outlook of companies and consumers in Greece or with a significant economic exposure to the Greek economy. However, it should be noted that following the EU Summit held on the 21st July, 2011 and its decision on a new financial aid programme for Greece, it is expected that the debt sustainability of Greece will improve while the utilisation of structural funds is expected to have a positive impact on competitiveness and growth.

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

Following the global downturn in 2009 (global real GDP declined by 0.5 per cent. year on year), 2010 earmarked the stabilisation of developed economies and the gradual economic recovery in the US, the EU and Central and Eastern Europe. However, for the Greek economy, 2010 reflected a year of substantial negative developments.

The extremely burdened fiscal situation of the country, in combination with its high primary deficit, led to a widespread uncertainty of the financial markets regarding the ability of the country to refinance its debt and to the downgrade of the country's credit rating. In early May, 2010, the Greek Government agreed to an Economic Adjustment Programme (the "Adjustment Programme") under the joint auspices of the IMF, the EU and the European Central Bank ("ECB") in the amount of €110 billion. The scope of the Adjustment Programme is the limitation of fiscal deficits, the restoration of the competitiveness of the Greek economy and the recovery of market confidence. However, the measures adopted by the Adjustment Programme resulted in the Greek GDP contracting by 4.4 per cent. (2009: -2.3 per cent.), while the Greek economy is expected to contract further in 2011 by 3.8 per cent. in 2011 and return to positive territory from 2012 onwards. Also, it is noted that the EU Summit on 11th March, 2011, decided to reduce the interest rate for Greece on the money that it borrowed under this Adjustment Programme by 100 basis points and to extend the repayment period by on average 7.5 years. On 2nd July, 2011, Eurogroup concluded the 4th review of the programme and resolved the disbursement of the 5th tranche (€8.7 billion)

out of the €110 billion. In addition, on 8th July, 2011, IMF Executive Board completed the fourth review under the Stand-by-Arrangement for Greece and approved the €3.2 billion disbursement.

Recently, on 29th and 30th June, 2011, the Greek parliament voted a Mid-Term Fiscal Strategy 2011-2015 and its implementation measures in order to ensure the durability of fiscal consolidation. The aim is to reduce the government deficit to 2.2 per cent. of GDP in 2014 and further in 2015, and place the debt ratio on a downward slope. To meet this objective, the government identified fiscal consolidation measures of about 10 per cent. of GDP between 2011 and 2014, and above 12 per cent. of GDP if the period to 2015 is considered. Additionally, the programme has incorporated important steps to strengthen and accelerate the privatisation programme of listed and non-listed companies as well as other unexploited real estate assets, in order to reduce debt and at the same time to promote the economic activity and foreign direct investments.

On 21st July, 2011, the EU Council decided upon a new financial aid programme for Greece, including among others, new loans from the EU and IMF, a voluntary contribution from the private sector and a strategy for growth and investment in Greece by mobilising EU funds. In particular, the new programme envisages the following:

- the total official financing will amount to an estimated €109 billion. This programme will be designed through lower interest rates and extended maturities to decisively improve the debt sustainability and refinancing profile of Greece.
- the European Financial Stability Facility ("EFSF") loans will be extended from 7.5 years to a minimum of 15 years and up to 30 years with a grace period of 10 years at lending rates equivalent to those of the Balance of Payments facility (currently approximately 3.5 per cent.). There will be a mechanism to ensure that there exist appropriate incentives to implement the programme, including collateral arrangements where appropriate.
- a comprehensive strategy to be devised for growth and investment in Greece. The Commission decided to create a task force which will work with the Greek authorities to target the structural funds on competitiveness and growth, job creation and training.
- net contribution from the private sector which is estimated at € 37 billion for the period 2011-2014. In addition, a debt buyback programme will contribute €12.6 billion increasing the total to €50 billion. For the period 2011-2019, the total net contribution from the private sector involvement is estimated at €106 billion. Also, credit enhancement will be provided to underpin the quality of collateral so as to allow its continued use for access to Eurosystem liquidity operations by Greek banks. The EU will provide adequate resources to recapitalise Greek banks if needed.

The state of the Greek economy significantly affects the Bank's financial performance. Consequently, if current market conditions and circumstances deteriorate, or continue for protracted periods of time, this could also lead to a decline in available funding, credit quality and increases in defaults and non-performing debt, which may have a negative impact on Piraeus Bank's financial performance.

### ***Dependence on ECB funding due to the severe deterioration of the fiscal position of the Hellenic Republic***

The Group's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its assets, controlling the mismatch of maturities and carefully monitoring its undrawn commitments and contingent liabilities. However, the Group's ability to access sources of liquidity during the recent period of liquidity stress has been constrained and the Bank's access to the capital markets has been restricted. As a result, the Bank, in line with the Greek banking sector, is heavily reliant on the liquidity schemes provided by the ECB.

In order to moderate the liquidity pressures, in May 2010, ECB announced that it will accept Greek Government bonds as collateral, irrespective of their rating. The suspension of the ECB's minimum

rating requirement in respect of Greek Government bonds may end at any time. This could materially increase the Group's funding costs and limit its access to liquidity. Further, it is unclear how long the ECB will offer unlimited access to short-term repos. In the event this is terminated, this could adversely affect the Bank's access to liquidity.

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

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

The ongoing availability of deposits to fund the Bank's loan portfolio is subject to potential changes in certain factors outside the Bank's control, such as depositors' concerns regarding the economy in general, the financial services industry or the Bank specifically, ratings downgrades and significant further deterioration in economic conditions. In addition, there is currently heavy competition among Greek banks for retail customer deposits, which has increased the cost of procuring new deposits and impacted the Group's ability to grow its deposit base. Any loss in consumer confidence in the Bank's banking businesses, or in banking businesses generally, could significantly increase the amount of customer deposit withdrawals in a short period of time. If the Bank or its subsidiaries experience an unusually high level of withdrawals, this may have an adverse effect on the Group's results, financial condition and prospects. In extreme circumstances, unusually high levels of withdrawals could prevent the Bank or any other member of the Group from funding its operations and meeting its minimum liquidity requirements. In those extreme circumstances the Bank or any other member of the Group may not be in a position to continue to operate without additional funding support, which it may be unable to secure.

***Risks of further downgrades of the Hellenic Republic's credit rating***

The Hellenic Republic has undergone a series of multi-notch downgrades by the main rating agencies. The main reason for the recent downgrades was the risk regarding the stabilisation of the debt position of the country, the probability of further external financing need, as well as the implementation risks in its Economic Adjustment Programme.

Further downgrades of the Hellenic Republic's rating may occur again in the future and these could result in a corresponding downgrade in the Bank's credit rating. Negative sentiment surrounding the Hellenic Republic, including a further downgrade of its sovereign rating, could further delay the country's return to the markets. This will ultimately affect the Bank's access to funding and could have a negative impact on its financial condition.

***The Group is subject to new capital level requirements by regulators***

The Bank is required by regulators in the Hellenic Republic and other countries in which it undertakes regulated activities to maintain adequate capital. In addition, those minimum regulatory requirements may increase in the future and/or the manner in which the existing regulatory requirements are applied may change.

From January 2012, banks are required by the Bank of Greece to maintain minimum Core Tier 1 capital at 10 percent. The Core Tier 1 capital requirements will exclude hybrid capital, but include preference shares issued by banks and subscribed by the Greek government. The Bank of Greece also requires additional capital buffers against potential further deterioration of the operational environment, based on each bank's specific risk profile and the European stress test results.

The potential deterioration in credit quality of the Bank's assets including its significant holdings of Hellenic Republic debt may exceed expectations and generate an additional regulatory capital

requirement. Effective management of the Bank's regulatory capital is critical to its ability to operate its businesses and to pursue its strategy. Any change that limits the Bank's ability to manage its balance sheet and regulatory capital resources effectively including, for example, reductions in profits and retained earnings as a result of writedowns or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets could have a material adverse impact on its financial condition and regulatory capital position.

Any failure by the Bank to maintain its minimum regulatory capital ratios could result in administrative actions or other sanctions, which in turn may have a material adverse effect on the Bank's operating results, financial condition and prospects.

***The Group's capital adequacy requirements are expected to increase as a result of the Basel III reforms***

In 1988, the Basel Committee for the supervision of banking system (the "Basel Committee") adopted directional guidelines which define explicitly the relationship between the Bank's capital and its credit risks. These guidelines have been implemented by the regulatory authorities of the banking sector in most developed countries, including Greece. In June 2006 the framework of capital adequacy of Basel II ("Basel II") was finalised and published, and has been implemented by the Group since 1st January, 2008, in accordance with Greek legislation (Law 3601/2007). Basel II regulatory framework introduces capital requirements relating to operational risk and effects significant changes in the calculation of capital requirements against credit risk.

In response to the global financial crisis, the Basel Committee has proposed a number of fundamental reforms to the regulation of internationally active banks, the principal elements of which are set out in papers published on 16th December, 2010 (revised on 1st June, 2011) and a press release dated 13th January, 2011 (together, "Basel III"). These changes include raising the quality, consistency and transparency of a bank's capital base, introducing a leverage ratio and the identification of liquidity risks. The Basel III framework seeks to improve the regulatory capital base of internationally active banks both as regards the amount of capital that they are required to hold and the composition of that capital. The proposals are expected to be implemented gradually from 2013 through to 2019, and include raising common equity Tier 1 capital from approximately 2 per cent. to 4.5 per cent., raising total tier 1 capital from approximately 4 per cent. to 6 per cent., and introducing additional 'buffers' comprising further common equity Tier 1 capital, including a capital conservation buffer of 2.5 per cent. and a countercyclical buffer of between 0-2.5 per cent. depending upon the judgement of national authorities (to address the perceived build-up of systemic risk). Banks which are identified as globally systemically important may further be required to hold additional capital.

In addition to these revised capital requirements, the Basel III framework provides criteria which tier 1 and tier 2 capital instruments must meet in order to be recognised as eligible capital from 1 January 2013. Basel III provides for transitional arrangements whereby capital recognition of existing tier 1 and tier 2 instruments issued by the Group which do not meet those criteria is expected to be withdrawn or amortised from and including 1st January, 2013. Accordingly, existing tier 1 and tier 2 securities issued by the Group may cease, in whole or in part, from 1st January, 2013 to count towards the Group's capital requirement.

Basel III is expected to be implemented in the European Union through changes to European Directives 2006/48/EC and 2006/49/EC (collectively referred to as the "Capital Requirements Directive" or "CRD"), such changes commonly referred to as "CRD IV".

The implementation of the Basel III framework through CRD IV and new rules in Greece could limit the Bank's ability to effectively manage its capital requirements. The transitional arrangements and other changes to the regulatory capital requirements imposed on the Bank may require the Bank to raise additional tier 1 and tier 2 capital by way of further issuances of securities. Any failure by the Bank to attain or continue to meet the new capital requirements could result in intervention by regulators (which could include the imposition of sanctions and/or requiring the Group to

proceed with reductions of risk weighted assets and/or the disposal of basic or auxiliary activities at a time and/or at prices which the Group would not otherwise consider appropriate) which may have a material adverse effect on the Bank's profitability and results of operations, and could also have other effects on the Bank's financial performance and on the pricing of Notes with or without such regulatory intervention.

### **Factors that may affect Piraeus PLC's ability to fulfil its obligations under the Notes issued under the Programme**

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

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***The Notes may not be a suitable investment for all investors***

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

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

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

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

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

### *Basel III and related reforms*

The Basel Committee has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks which are designed to ensure that capital instruments issued by such banks fully absorb losses before tax payers are exposed to loss (the "Basel III Reforms"). The implementation of the Basel III Reforms by relevant authorities will begin on 1st January, 2013 and are subject to a series of transitional arrangements, to be fully effective by 2019. The Basel III Reforms provide, amongst other changes, that all non-common equity Tier 1 instruments, and all Tier 2 instruments (such as the Dated Subordinated Notes), of internationally active banks which do not contain any contractual terms providing for their writing off or conversion into ordinary shares, at the option of the relevant authority, upon the occurrence of a Non-Viability Event (as defined below), will cease to be eligible to count in full as Tier 1 or Tier 2 capital (as the case may be) from 1 January 2013 unless, among other things, the jurisdiction of the relevant bank has in place laws that (i) require such instruments to be written off upon the occurrence of a Non-Viability Event, or (ii) otherwise require such instruments fully to absorb losses before tax payers are exposed to loss.

If Greece were to enact laws which result in loss-absorption by tier 1 and tier 2 instruments in the manner described in (i) or (ii) above, investors in Dated Subordinated Notes may, if such laws apply to such Dated Subordinated Notes (whether issued before or after the enactment of such legislation), suffer losses through such Dated Subordinated Notes being written down or converted into equity. As used above, "Non-Viability Event" means the earlier of (a) a decision that a write-off, without which the relevant bank would become non-viable, is necessary as determined by the relevant authority; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the relevant bank would become non-viable, as determined by the relevant authority. Furthermore, there can be no assurance that, prior to their proposed implementation in 2013, the Basel Committee will not amend the Basel III Reforms.

### *Notes subject to optional redemption by the relevant Issuer*

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

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

### *Index Linked Notes and Dual Currency Notes*

The relevant Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the relevant Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- i. the market price of such Notes may be volatile;
- ii. they may receive no interest;
- iii. payment of principal or interest may occur at a different time or in a different currency than expected;
- iv. they may lose all or a substantial portion of their principal;

- v. a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- vi. if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- vii. the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical performance of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes on the suitability of such Notes in light of their particular circumstances.

#### *Partly-paid Notes*

The relevant Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

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

*The Issuers' and the Guarantor's obligations under Dated Subordinated Notes are subordinated*

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

***Risks related to Notes generally***

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

*Modification, waivers and substitution*

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

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

*EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a "Paying Agent" (within the meaning of the Directive) within its jurisdiction to an individual resident in that other Member State or "Residual Entities" (within the meaning of the Directive) established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding tax in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Under such withholding system, tax will be withheld unless the recipient of the payment elects instead for an exchange of information procedure. The rate of withholding tax is 35 per cent. from 1st July, 2011. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding tax in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The relevant Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

### *Change of law*

The conditions of the Notes (other than Condition 20 and, in the case of Dated Subordinated Notes issued by Piraeus Bank, Condition 3(a) and Condition 3(b) and clause 5.8 of the Deed of Guarantee when Dated Subordinated Notes are issued by Piraeus PLC, which shall be governed by Greek law) are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or Greek law or administrative practice after the date of this Offering Circular.

### *Notes where denominations involve integral multiples: definitive Notes*

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

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

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

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

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

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

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

#### *Interest rate risks*

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

#### *Credit ratings may not reflect all risks*

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

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

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

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

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

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the 2010 Annual Financial Report of Piraeus Bank, including:
  - (i) the auditors' report in respect of the audited consolidated and non-consolidated annual financial statements as of and for the financial year ended 31st December, 2010 which appears on page 23 of the Annual Financial Report;
  - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31st December, 2010 which appear on pages 3 to 65 of the Consolidated Financial Statements section. The balance sheet appears on page 4, the income statement appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 65 of the Consolidated Financial Statements section; and
  - (iii) the audited non-consolidated annual financial statements as at and for the financial year ended 31st December, 2010 which appear on pages 3 to 56 of the Financial Statements section. The balance sheet appears on page 4, the income statement appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 56 of the Financial Statements section;
- (b) the 2009 Annual Financial Report of Piraeus Bank, including:
  - (i) the auditors' report in respect of the audited consolidated and non-consolidated annual financial statements as of and for the financial year ended 31st December, 2009 which appears on page 10 of the Annual Financial Report;
  - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31st December, 2009 which appear on pages 8 to 69 of the Consolidated Financial Statements section. The balance sheet appears on page 9, the income statement appears on page 8, the cash flow statement appears on page 11 and the explanatory notes appear on pages 12 to 69 of the Consolidated Financial Statements section; and
  - (iii) the audited non-consolidated annual financial statements as at and for the financial year ended 31st December, 2009 which appear on pages 3 to 54 of the Financial Statements section. The balance sheet appears on page 4, the income statement appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 54 of the Financial Statements section;
- (c) the financial statements for the three months ended 31st March, 2011 of Piraeus Bank Group, including the unaudited consolidated interim condensed financial statements as at and for the three months ended 31st March, 2011 which appear on pages 2 to 19. The balance sheet appears on page 3, the income statement appears on page 2, the cash flow statement appears on page 5 and the explanatory notes appear on pages 6 to 19 of that document;
- (d) the financial statements for the three months ended 31st March, 2011 of Piraeus Bank, including the unaudited interim condensed financial statements as at and for the three months ended 31st March, 2011 which appear on pages 2 to 17. The balance sheet appears on page 3, the income statement appears on page 2, the cash flow statement appears on page 5 and the explanatory notes appear on pages 6 to 17 of that document;

- (e) the annual report for the year ended 2010 of Piraeus PLC, including the auditors' report and audited annual financial statements as at and for the financial year ended 31st December, 2010 which appear on pages 6 to 20. The auditors' report appears on page 6, the balance sheet appears on page 8, the profit and loss account appears on page 7, the cash flow statement appears on page 9 and the explanatory notes appear on pages 10 to 20 of that document; and
- (f) the annual report for the year ended 2009 of Piraeus PLC, including the auditors' report and audited annual financial statements as at and for the financial year ended 31st December, 2009 which appear on pages 6 to 20. The auditors' report appears on page 6, the balance sheet appears on page 8, the profit and loss account appears on page 7, the cash flow statement appears on page 9 and the explanatory notes appear on pages 10 to 20 of that document.

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

Any information not listed in the cross reference list but indicated in the documents incorporated by reference is given for information purposes only.

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

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

## GENERAL DESCRIPTION OF THE PROGRAMME

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

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

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

## FORM OF THE NOTES

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

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

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

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

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes" below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such further Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to Notes of such Tranche.

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

The applicable Final Terms will specify that either (i) a permanent global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) to the Agent as described therein or (ii) a permanent global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event as described therein. A permanent global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount thereabove may only be exchanged for definitive Notes upon an Exchange Event. "Exchange Event" means (i) in the case of Senior Notes, an Event of Default has occurred and is continuing or in the case of Dated Subordinated Notes, any Subordinated Default Event has occurred and is continuing, (ii) the relevant Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (iii) at the option of the relevant Issuer at any time. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event as described in (i) or (ii) above, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 30 days after the date of receipt of the first relevant notice by the Agent.

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

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

The sections referred to provide that holders who are United States persons (as defined in the United States Revenue Code of 1986, as amended), with certain exceptions, will not be entitled to deduct any loss on any Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of the Notes and payment in full of the amount due has not been made in accordance with the provisions of the global Note then the global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interest in such global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 2nd July, 2008 executed by the Issuers.

## APPLICABLE FINAL TERMS

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

[Date]

**[PIRAEUS GROUP FINANCE PLC/PIRAEUS BANK S.A.]**

(acting through its [ ] Branch))

Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes]

Issued under the

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

**[guaranteed by PIRAEUS BANK S.A.]**

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.<sup>1</sup>

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.<sup>2</sup>

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1. Consider including this legend where a non-exempt offer of Notes is anticipated.  
2. Consider including this legend where only an exempt offer of Notes is anticipated.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 25th July, 2011 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive") as amended (which includes the amendments made by Directive 2010/73/EU (the "2010 PD Amending Directive") to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at [website] and during normal business hours at [address], and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive") as amended (which includes the amendments made by Directive 2010/73/EU (the "2010 PD Amending Directive") to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Offering Circular dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated [current date]. Copies of such Offering Circular are available for viewing at [website] and during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]*

- |    |       |                 |   |
|----|-------|-----------------|---|
| 1. | (i)   | Issuer:         | [Piraeus Group Finance PLC]<br>[Piraeus Bank S.A.] <sup>1</sup>                                   |
|    | (ii)  | Issuing Branch: | [Not Applicable/specify branch]   |
|    | (iii) | [Guarantor:     | [Piraeus Bank S.A. <i>in respect of Notes issued by Piraeus Group Finance PLC</i> ]] <sup>1</sup> |
| 2. | (i)   | Series Number:  | [ ]   |
|    | (ii)  | Tranche Number: | [ ]   |
- (if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*

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1. All relevant corporate authorisations (including the approval of the board of directors) should be obtained prior to any issue of Notes by Piraeus Bank S.A.

3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount: [ ]
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [date] (if applicable)]
6. (i) Specified Denominations: [ ]
- (N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 minimum denomination is not required.)*
- (N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*
- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i)] Issue Date: [ ]
- [(ii)] Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed Rate – specify date
- Floating Rate – Interest Payment Date falling in or nearest to [specify month]
- (N. B. in the case of Dated Subordinated Notes this must be at least five years after the Issue Date)]*
- [If the Notes have a maturity of less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the*

*Notes is carried on from an establishment maintained by the Issuer in the United Kingdom (i) the Notes must have a minimum redemption value of £100,000 or its equivalent in other currencies and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*

9. Interest Basis: [ [ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[Other (specify)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]
- (N.B. If the Final Redemption Amount is not 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest basis or redemption/payment basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior/Dated Subordinated]  
(ii) Status of the Deed of Guarantee: [Senior/Dated Subordinated]  
(iii) [Date [Board] approval for issuance of Notes and Guarantee obtained: [ ] [and [ ], respectively]]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
14. Method of distribution: [Syndicated/Non-syndicated]

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

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable annually/semi-annually/quarterly/monthly/other/

- (specify) in arrear]. (If payable other than annually, consider amending Condition 5)
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date/[specify date] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount  
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []  
(Applicable to Notes in definitive form)
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or other (give details)]  
(subject to paragraph 30)
- (vi) Determination Date(s): [] in each year  
[Insert regular interest payment dates, ignoring issue date or maturity date in case of long or short first or last coupon]  
(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)  
(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph. If applicable also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]

- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including as to fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR other than euro LIBOR or Sterling LIBOR, first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
*(See Condition 5 for alternatives)*
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]

- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]  
*(Consider applicable day count fraction if euro denominated)*
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 6(e)(iii) and 6(j) apply/specify other]
18. Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Index/Formula: *[give or annex details]*
- (ii) Calculation Agent: *[give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]*
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): *[name] [address]*
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include the description of market disruption or settlement disruption events and adjustment provision]*
- (v) Specified Period(s)/Specified Interest Payment Date(s): [ ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: [ ]
19. Dual Currency Note Provisions: [Applicable/Not Applicable]

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

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party responsible for calculating the principal and/or interest due (if not the Agent): [name] [address]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include the description of market disruption or settlement disruption events and adjustment provision]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

#### **PROVISIONS RELATING TO REDEMPTION**

- 20. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]
    - (b) Maximum Redemption Amount: [ ]
  - (iv) Notice period (if other than as set out in the Conditions): [ ]
- 21. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
  - (iii) Notice period (if other than as set out in the Conditions): [ ]

22. Final Redemption Amount: [ ] per Calculation Amount/*specify other/see Appendix*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6): [ ] per Calculation Amount/*specify other/see Appendix*

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [60 days'] notice given at any time/only upon an Exchange Event].
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date upon [ ] days' notice.]
- [Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].
- (Ensure that this is consistent with the wording in the "Form of Notes" section in the Offering Circular and the Notes themselves)*
- (ii) New Global Note: [Yes]/[No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]
- (Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iii) and 18(vii) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]

28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination and/or Exchange and/or Consolidation applicable: Redemption [not] applicable  
*(if Redenomination is applicable, specify either the applicable Fixed Day Count Fraction or any other provisions necessary to deal with floating rate interest calculation (including alternative interest rates))*  
 Exchange [not] applicable  
 Consolidation [not] applicable
30. Other terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give details]
32. If non-syndicated, name [and address] of Dealer: *Name and address*
33. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
34. U.S. Selling Restrictions: [Reg. S Compliance Category] [Not Applicable/TEFRA C/TEFRA D]
35. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make nonexempt offers in the Public Offer Jurisdictions during the

*Offer Period, if not known]] (together with the Managers, the Financial Intermediaries) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)] (“Public Offer Jurisdictions”) during the period from [specify date] to [specify date or formula such as “the Issue Date” or the date which falls, [ ] business days thereafter] (the “Offer Period”) (see further Paragraph 10 of Part B below).*

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

36. Additional Selling Restrictions: [Not Applicable/give details]

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to [the Official List of the Luxembourg Stock Exchange] [and] [specify other] and to] trading on the regulated market of [the Luxembourg Stock Exchange] [and] [specify other]] of Notes described herein pursuant to the €25,000,000,000 Euro Medium Term Note Programme of Piraeus Group Finance PLC and Piraeus Bank S.A.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of the Issuer (having taken reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source].* The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

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

By: .....  
*Duly Authorised*

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

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

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

[Not Applicable][Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to [the *Official List of the Luxembourg Stock Exchange*] [and] [*specify other*] and to] trading on the regulated market of [*the Luxembourg Stock Exchange*] [and] [*specify other*] with effect from [ ].]

### 2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S&P: [ ]]

[Moody's: [ ]]

[[Fitch]: [ ]]

[[Other]: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

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

[The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [*insert credit rating agency name(s)*].]

[[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [*insert the name of the relevant EU CRA affiliate that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert credit rating agency*].]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EU-registered credit rating agency] in accordance with Regulation (EC) No. 1060/2009. [Insert the name of the relevant EU-registered credit rating agency] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]

### 4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer: [ ]

*(See "Use of Proceeds" wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

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

*(N. B. If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

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

Indication of yield: [ ]

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

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

7. **PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Notes only*)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.*

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

8. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** (*Dual Currency Notes only*)

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

9. **OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]  
 [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if “yes” selected in which case the Notes must be issued in NGN form*]

#### 10. **TERMS AND CONDITIONS OF THE OFFER**

- Offer Price: [Issue Price/Not applicable/specify]
- [Conditions to which the offer is subject:] [Not applicable/*give details*]
- [Description of the application process:] [Not applicable/*give details*] [*include details of method of adjustments to the Offer Period*]
- [Details of the minimum and/or maximum amount of application:] [Not applicable/*give details*]
- [The time period, including any possible amendments, during which the offer will be open and description of the application process:] [Not Applicable/*give details*]
- [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not applicable/*give details*]
- [Details of the method and time limits for paying up and delivering the Notes:] [Not applicable/*give details*]
- [Manner in and date on which results of the offer are to be made public:] [Not applicable/*give details*]
- [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not applicable/*give details*]

[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:] [Not applicable/*give details*]

[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not applicable/*give details*]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not applicable/*give details*]

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

## APPLICABLE FINAL TERMS

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

[Date]

### **[PIRAEUS GROUP FINANCE PLC/PIRAEUS BANK S.A.]**

(acting through its [ ] Branch)

Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes]

Issued under the

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

**[guaranteed by PIRAEUS BANK S.A.]**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 25th July, 2011 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive") as amended (which includes the amendments made by Directive 2010/73/EU (the "2010 PD Amending Directive") to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing [at [website]] [and] during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive") as amended (which includes the amendments made by Directive 2010/73/EU (the "2010 PD Amending Directive") to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Offering Circular dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated [current date]. Copies of such Offering Circular are available for viewing [at [website]] [and] during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

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

1. (i) Issuer: [Piraeus Group Finance PLC][Piraeus Bank S.A.]<sup>1</sup>  
(ii) Issuing Branch: [Not Applicable/specify branch]  
(iii) [Guarantor: [Piraeus Bank S.A. in respect of Notes issued by Piraeus Group Finance PLC]]<sup>1</sup>
2. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
(i) Series: [ ]  
(ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (i) Specified Denominations: [ ]

*(N.B. Following the entry into force of the 2010 PD Amending Directive on 31st December, 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1st July, 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*

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1. All relevant corporate authorisations (including the approval of the board of directors) should be obtained prior to any issue of Notes by Piraeus Bank S.A.

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

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

*(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [€100,000] minimum denomination is not required.)*

(ii) Calculation Amount: [ ]

*(If only one Specified Denomination, insert the Specified Denomination.*

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

7. (i) Issue Date: [ ]

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

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: [Fixed rate – specify date/  
Floating rate – Interest Payment Date falling in or nearest to [specify month]]

9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the*

requirements of Annex XII to the Prospectus Directive Regulation will apply.)

11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. (a) Status of the Notes: [Senior/[Dated Subordinated]]  
(b) Status of the Deed of Guarantee: [Senior/[Dated Subordinated]]  
(c) [Date [Board] approval for issuance of Notes and Guarantee obtained: [ ] [and [ ]], respectively]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
14. Method of distribution: [Syndicated/Non-syndicated]

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

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable annually/semi-annually/quarterly/other (specify)] in arrear  
*(If payable other than annually, consider amending Condition 5)*
- (ii) Interest Payment Date(s): [[ ] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of Business Day]][Not adjusted]
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
*(Applicable to Notes in definitive form.)*
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (vi) Determination Date(s): [ ] in each year  
*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*  
*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*

*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]

- Reset Date: [ ]
  - (viii) Margin(s): [+/-] [ ] per cent. per annum
  - (ix) Minimum Rate of Interest: [ ] per cent. per annum
  - (x) Maximum Rate of Interest: [ ] per cent. per annum
  - (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]
- (See Condition 5 for alternatives)
- (xii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Any other formula/basis of determining amount payable: [ ]
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and 6(j) apply/specify other  
*(Consider applicable day count fraction if euro denominated)*]
18. Index Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Index/Formula: [give or annex details]
  - (ii) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]

- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [ ]
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [*need to include the description of market disruption or settlement disruption events and adjustment provision*]
- (v) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: [ ]
19. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*give or annex details*]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*need to include the description of market disruption or settlement disruption events and adjustment provision*]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

## **PROVISIONS RELATING TO REDEMPTION**

20. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]
- (N. B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
21. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [ ]
- (N. B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
22. Final Redemption Amount: [[ ] per Calculation Amount/specify other/see Appendix]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6):  per Calculation Amount/*specify other/see Appendix*

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

(i) Form:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

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

*N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

(ii) New Global Note:

[Yes][No]

25. Additional Financial Centre(s) or other special provisions relating to Payment Days:

[Not Applicable/*give details*]

*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iii) and 18(vii) relate)*

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination and/or Exchange and/or Consolidation applicable: Redenomination [not] applicable  
 [(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))]
30. Other final terms: [Not Applicable/give details]  
 [(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

## DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/give names]  
 (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of [Subscription] Agreement: [ ]  
 (The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
33. U.S. Selling Restrictions: [Reg. S Compliance Category] [Not Applicable] TEFRA C/TEFRA D
34. Additional selling restrictions: [Not Applicable/give details]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to [the Official List of the Luxembourg Stock Exchange] [and] [specify other] and to] trading on the regulated market of [the Luxembourg Stock Exchange] [and] [specify other]] of the Notes described herein pursuant to the €25,000,000,000 Euro Medium Term Note Programme of Piraeus Group Finance PLC and Piraeus Bank S.A.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of the Issuer (having taken reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

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

By: .....  
*Duly Authorised*

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

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

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

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

### 2. RATINGS

Ratings: The Notes to be issued have been rated:

[S&P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]

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

[The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [*insert credit rating agency name(s)*].]

[[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [*insert the name of the relevant EU CRA affiliate that applied for registration*], which is established in the European Union, disclosed the

intention to endorse credit ratings of [*insert credit rating agency*].]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [*insert the name of the relevant EU-registered credit rating agency*] in accordance with Regulation (EC) No. 1060/2009. [*Insert the name of the relevant EU-registered credit rating agency*] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [ ]

[(ii)] Estimated net proceeds: [ ]

[(iii)] Estimated total expenses: [ ]]

*(N. B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)]*

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

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### **6. PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-linked Notes only)**

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

## **7. PERFORMANCE OF RATE[S] OF EXCHANGE** (Dual Currency Notes only)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

## **8. OPERATIONAL INFORMATION**

- |       |  |  |
|-------|--|--|
| (i)   | ISIN Code:   | [ ]  |
| (ii)  | Common Code:   | [ ]  |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)]  |
| (iv)  | Delivery:  | Delivery [against/free of] payment   |
| (v)   | Names and addresses of additional Paying Agent(s) (if any):  | [ ]  |
| [(vi) | Intended to be held in a manner which would allow Eurosystem eligibility:  | [Yes] [No]<br><br>[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if “yes” selected in which case the Notes must be issued in NGN form] |

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series of notes issued by the Issuer specified as such in the applicable Final Terms (as defined below), being either Piraeus Group Finance PLC ("Piraeus PLC") or Piraeus Bank S.A. ("Piraeus Bank"), acting through its Issuing Branch (as specified in the applicable Final Terms) (together the "Issuers") the notes of such Series being hereinafter called the "Notes"; which expression shall mean (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note issued in accordance with an amended and restated Fiscal Agency Agreement (the "Agency Agreement," which expression shall include any amendments or supplements thereto) dated 2nd July, 2008 and made between Piraeus PLC, Piraeus Bank and Deutsche Bank AG, London Branch in its capacity as Issuing and Principal Paying Agent (the "Agent," which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such) and the other Paying Agents named therein (the "Paying Agents," which expression shall include the Agent and any substitute or additional Paying Agents appointed in accordance with the Agency Agreement).

The Notes, the Receipts and the Coupons (each as defined below) have the benefit of a deed of covenant (the "Deed of Covenant," which expression shall include any amendments or supplements thereto) dated 2nd July, 2008 executed by the Issuers in relation to the Notes. The original Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Notes issued by Piraeus PLC are the subject of a deed of guarantee dated 2nd July, 2008 (as amended or supplemented from time to time, the "Deed of Guarantee") entered into by Piraeus Bank (in such capacity, the "Guarantor").

Interest bearing definitive Notes will (unless otherwise indicated in the applicable Final Terms) have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments will have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached hereto or endorsed hereon which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of this Note. References herein to "applicable Final Terms" are to Part A of the Final Terms attached hereto or endorsed hereon.

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

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

Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and subject to their detailed provisions. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the applicable Final Terms which are applicable to them. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified office of each of the Agent and the other Paying Agents. Copies of the applicable Final Terms are available for viewing at, and copies may be obtained from, the registered office of the Issuer and the specified offices of each of the Paying Agents save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity.

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

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

The Notes are in bearer form in the Specified Currency and the Specified Denomination(s) and, in the case of definitive Notes, serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/ Payment Basis shown in the applicable Final Terms.

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

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

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer and any Paying Agent shall (subject as provided below) be entitled to deem and treat (and no

such person will be liable for so deeming and treating) the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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

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

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

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

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

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

The claims of the Noteholders will be subordinated to the claims of Senior Creditors of the Issuer (as defined below) in that payments of principal and interest in respect of the Notes (whether in the winding up of the Issuer or otherwise) will be conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no principal or interest shall be payable in respect of the Notes (whether in the winding up of the Issuer or otherwise) except to the extent that the Issuer could make such payment and still be solvent

immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if it can pay principal and interest in respect of the Notes and still be able to pay its outstanding debts to Senior Creditors of the Issuer, which are due and payable.

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

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

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

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

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

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

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

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

Noteholder either, an equal and rateable interest in the same or such other security as aforesaid) where such security interest:

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

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

## **5. INTEREST**

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

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

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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

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

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

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

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

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date the “Accrual Period” is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

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

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

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

“Treaty” means the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam.

*(b) Interest on Floating Rate Notes and Index Linked Interest Notes*

*(i) Interest Payment Dates*

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

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

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

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

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

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

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

(2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system (the "TARGET2 System") is open.

(ii) *Rate of Interest*

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

(iii) *ISDA Determination for Floating Rate Notes*

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

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") or on the Euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For purposes of this sub-paragraph (iii)(a) "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions, (b) the definition of "Banking Day" in the ISDA Definitions shall be amended to insert after the words "are open for" in the second line the word "general" and (c) "Euro-zone" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

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

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

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

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

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

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

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

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

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

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest cent (or its approximate equivalent sub-unit of the relevant Specified Currency, half of any sub-unit being rounded upwards or

otherwise in accordance with applicable market convention). Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified inter alia to the Issuer and, if applicable, the Guarantor and to any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed, and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may

subsequently be amended (or appropriate alternative arrangements made by way of adjustment). Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(viii) *Certificates to be final*

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

(c) *Interest on Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *Accrual of Interest*

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

## **6. REDEMPTION AND PURCHASE**

(a) *Redemption at Maturity*

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

(b) *Redemption for Tax Reasons*

If as a result of any amendment to or change in the laws or regulations of the jurisdiction of incorporation of the Issuer or, if applicable, the Guarantor or, in the case of Piraeus Bank issuing Notes through a branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction or in each case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which amendment or change becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes the Issuer would be unable for reasons outside its control to make payment or the Guarantor (if applicable) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay additional amounts as provided in Condition 10, the Issuer may, (subject, in the case of Dated Subordinated Notes, to the prior approval of the Bank of Greece), at its option and having given no less than 30 nor more than 60 days' notice (ending, in the case of Notes which bear interest at a floating rate, on any Interest Payment Date) to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Redemption Amount as may be specified in, or determined in accordance with, the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (if applicable) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, (subject, in the case of Dated Subordinated Notes, to the prior approval of the Bank of Greece), having (unless otherwise specified in the applicable Final Terms) given not more than 30 nor less than 15 days' notice to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

In the event of a redemption of some only of the Notes, such redemption must be of a nominal amount being not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of definitive Notes, the Notes to be redeemed will be selected individually by lot not more than 30 days prior to the date fixed for redemption and a list of the Notes called for redemption will be published in accordance with Condition 15 not less than 15 days prior to such date. In the case of a partial redemption of Notes which are represented by a global Note, the relevant Notes will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

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

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

If Investor Put is specified in the applicable Final Terms, upon any Noteholder giving to the Issuer in accordance with Condition 15 not more than 30 nor less than 15 days' notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

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

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

(e) *Early Redemption Amounts*

For the purposes of paragraph (b) above and Condition 11, each Note will be redeemed at an amount (the "Early Redemption Amount") determined or calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable Final Terms or, if no such amount or manner is set out in that Final Terms, at their nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") equal to the sum of:
  - (A) the Reference Price specified in the applicable Final Terms; and
  - (B) the product of the Accrual Yield specified in the applicable Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable,

or such other amount as is provided in the applicable Final Terms.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days

falling in a non-leap year divided by 365) or (in either case) on such other calculation basis as may be specified in the applicable Final Terms.

(f) *Instalments*

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) *Purchases*

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

(i) *Cancellation*

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

(j) *Late Payment on Zero Coupon Notes*

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

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

## **7. PAYMENTS**

(a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the

principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

(b) *Presentation of Notes, Receipts and Coupons*

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

Payments of instalments (if any) of principal in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) at the specified office of any Paying Agent of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in (a) above only against surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) appertaining thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

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

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

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest

Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender (or, in the case of part payment only, endorsement), as the case may be, of such global Note at the specified office of any Paying Agent outside the United States and its possessions. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

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

Payments of principal and/or interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

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

(c) *Redenomination*

Where Redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders or the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the

agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (A) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
  - (B) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction specified in the applicable Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the

Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding;

- (vii) if the Notes are Floating Rate Notes, any applicable changes to the provisions relating to interest will be specified in the applicable Final Terms; and
- (viii) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro or to enable the Notes to be consolidated with one or more issues of other notes, whether or not originally denominated in the Specified Currency or euro.

(d) *Exchange*

Where Exchange is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders or the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and not less than 30 days' prior notice to the Noteholders in accordance with Condition 15 (and, if the Notes are listed, to the relevant Stock Exchange), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be exchangeable for notes expressed to be denominated in euro in accordance with such arrangements as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, including arrangements under which Receipts and Coupons unmaturing at the date so specified become void.

(e) *Consolidation*

Where Consolidation is specified in the applicable Final Terms as being applicable, the Issuer may also from time to time, without the consent of the Noteholders, Couponholders or Receiptholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and not less than 30 days' prior notice to the Noteholders in accordance with Condition 15, consolidate the Notes, with effect from the Redenomination Date specified in the notice, with one or more issues of other notes ("Other Notes") issued by it, whether or not originally issued in the relevant currency or euro, provided that such Other Notes have been redenominated into euro (if not originally denominated in euro) and otherwise have, in respect of all periods subsequent to such consolidation, the same or substantially the same terms and conditions as the Notes.

The Issuer may exercise its right referred to above if it determines, in consultation with the Agent, that the Notes and Other Notes which it proposes to consolidate will, with effect from their consolidation:

- (i) be cleared and settled on an interchangeable basis with the same International Securities Identification Number through each Relevant Clearing System through which the Notes or the relevant Other Notes were cleared and settled immediately prior to consolidation; and
- (ii) be listed on at least one European stock exchange on which debt obligations issued in the euromarkets are then customarily listed and on which either the Notes or the relevant Other Notes were listed immediately prior to consolidation.

(f) *Definitions*

In this Condition, the following expressions have the following meanings:

“Established Rate” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 109(1)(4) of the Treaty;

“Redenomination Date” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (c) or, as the case may be, (d) above, and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union.

“Relevant Clearing System” means:

- (i) Euroclear and Clearstream, Luxembourg;
- (ii) any clearing system which is a central securities depository for the Notes or the relevant Other Notes; and
- (iii) the principal clearing system (if any) in the country of the original currency of denomination of the Notes or the relevant Other Notes if the Notes or the relevant Other Notes were clearing and settling in such clearing system immediately prior to consolidation.

(g) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, “Payment Day” means any day which (subject to Condition 14) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in
  - (a) the relevant place of presentation;
  - (b) London;
  - (c) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington respectively or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(h) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10;

- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10.

## **8. AGENT AND PAYING AGENTS**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer and, if applicable, the Guarantor is/are entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (ii) there will at all times be an Agent;
- (iii) 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 law implementing or complying with, or introduced in order to conform to, such Directive; and
- (iv) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 7(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date.

## **9. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Notes to which it appertains)

a further Talon, subject to the provisions of Condition 14. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## 10. TAXATION

All amounts of principal, premium and interest in respect of the Notes, Receipts and Coupons payable by or on behalf of the Issuer or the Guarantor (if applicable) shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, collected, withheld, assessed or levied by or on behalf of, in the case of Piraeus PLC, the United Kingdom or, in the case of Piraeus Bank, the Hellenic Republic and, in the case of Piraeus Bank issuing Notes through a branch situated in a jurisdiction other than the Hellenic Republic, the jurisdiction where such branch is situated and, in the case of Piraeus Bank guaranteeing Notes issued by Piraeus PLC, the United Kingdom or, in each case, any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless such withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Note, Receipt or Coupon presented for payment:

- (i) by or on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom, or, as the case may be, the Hellenic Republic, or, as the case may be, the jurisdiction in which the issuing branch is situated other than the mere holding of such Note, Receipt or Coupon; or
- (ii) by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to such withholding or deduction if he were to comply with any statutory requirement or to make a declaration of non-residence or other similar claim for exemption but fails to do so; or
- (iii) more than thirty days after the Relevant Date (as defined below), except to the extent that the relevant Noteholder, Receiptholder or Couponholder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or
- (iv) in Greece (in the case of Piraeus Bank unless Piraeus Bank issues Notes through a branch situated in a jurisdiction other than the Hellenic Republic, in which case the reference to Greece shall be construed as a reference to such other jurisdiction) or the United Kingdom (in the case of Piraeus PLC); or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

For the purposes of these Terms and Conditions, the "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

## 11. EVENTS OF DEFAULT

### (1) *Senior Notes*

This Condition 11(1) is applicable only in relation to Notes specified in the relevant Final Terms as being Senior Notes and references to "Notes" and "Noteholders" shall be construed accordingly.

- (a) Unless otherwise specified in the relevant Final Terms, the following events or circumstances (each an "Event of Default") shall be acceleration events in relation to the Notes, namely:
- (i) the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and such failure continues for a period of 14 days; or
  - (ii) the Issuer or, if applicable, the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, Receipts or Coupons and such default remains unremedied for 30 days after written notice thereof has been delivered by a Noteholder to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied; or
  - (iii) the repayment of any indebtedness owing by the Issuer or, if applicable, the Guarantor or any Material Subsidiary is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or, if applicable, the Guarantor or any Material Subsidiary defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness provided that no such event shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred and be continuing shall exceed U.S.\$10,000,000 (or its equivalent in any other currency or currencies); or
  - (iv) any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Issuer or, if applicable, the Guarantor or any Material Subsidiary (other than for the purpose of amalgamation, merger or reconstruction (1) on terms approved by an Extraordinary Resolution of the Noteholders or (2) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in Piraeus Bank or another of its Subsidiaries); or
  - (v) the Issuer or, if applicable, the Guarantor or any Material Subsidiary shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction (1) on terms approved by an Extraordinary Resolution of the Noteholders or (2) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in Piraeus Bank or another of its Subsidiaries); or

- (vi) the Issuer or, if applicable, the Guarantor or any Material Subsidiary shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or
- (vii) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or, if applicable, the Guarantor or any Material Subsidiary or in relation to the whole or over half of the assets of the Issuer or, if applicable, the Guarantor or any Material Subsidiary or an interim supervisor of Piraeus Bank is appointed by the Bank of Greece or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer or, if applicable, the Guarantor or any Material Subsidiary, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of the Issuer or, if applicable, the Guarantor and in any of the foregoing cases it or he shall not be discharged within 60 days; or
- (viii) the Issuer or, if applicable, the Guarantor or any Material Subsidiary sells, transfers, lends or otherwise disposes of the whole or a major part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Issuer or Piraeus Bank and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis;
- (ix) with respect to any Notes issued by Piraeus PLC, the Deed of Guarantee is not in full force and effect.

For the purposes of this Condition 11(1)(a) "Material Subsidiary" means at any time any Subsidiary of Piraeus Bank:

- (i) whose profits or (in the case of a Subsidiary which has subsidiaries) consolidated profits, before taxation and extraordinary items or before taxation and after extraordinary items as shown by its latest audited profit and loss account are at least 15 per cent. of the consolidated profits before taxation and extraordinary items of Piraeus Bank and its Subsidiaries as shown by the then latest published audited consolidated profit and loss account of Piraeus Bank and its Subsidiaries; or
  - (ii) whose gross assets or (in the case of a Subsidiary which has subsidiaries) gross consolidated assets as shown by its latest audited balance sheet are at least 15 per cent. of the gross consolidated assets of Piraeus Bank and its Subsidiaries as shown by the then latest published audited consolidated balance sheet of Piraeus Bank and its Subsidiaries; or
  - (iii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary provided that, in such a case, the Subsidiary so transferring its assets and undertaking shall thereupon cease to be a Material Subsidiary.
- (b) If any Event of Default shall occur and be continuing in relation to any Note, any Noteholder may, by written notice to the Issuer at the specified office of the Agent, declare that such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount as may be specified in or determined in accordance with the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(2) *Dated Subordinated Notes*

This Condition 11(2) is applicable only in relation to Notes specified in the relevant Final Terms as being Dated Subordinated Notes and any references to “Notes” or “Noteholders” shall be construed accordingly. The events specified below are both “Subordinated Default Events”:

- (a) If default is made in the payment of any amount due in respect of the Notes or any of them on the due date and such default continues for a period of 7 days, any Noteholder may institute proceedings for the winding up of the Issuer.
- (b) If, otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer, any Noteholder may, by written notice to the Agent, declare such Note to be due and payable whereupon the same shall become immediately due and payable at its Early Redemption Amount as may be specified in or determined in accordance with the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption unless such Subordinated Default Event shall have been remedied prior to receipt of such notice by the Agent.

## **12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Noteholders to consider any matter affecting their interests, including (without limitation) the modification by Extraordinary Resolution (as defined in the Agency Agreement) of these Terms and Conditions. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders whether or not they are present at the meeting, and on all holders of Coupons or Receipts relating to the Notes.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Coupon holders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

## **13. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent in London (or such other place as may be notified to the Noteholders), in accordance with all applicable laws and regulations, upon payment by the claimant of the costs and expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 14. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 10) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 14 or Condition 7(b) or any Talon which would be void pursuant to Condition 7(b).

## 15. NOTICES

All notices to Noteholders regarding the Notes shall be valid if published in the *Financial Times* or another leading English language daily newspaper with circulation in London. The Issuer will ensure that notices to Noteholders are published (a) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and so long as the rules so require, in a daily newspaper with circulation in Luxembourg, which is expected to be the *Luxemburger Wort* and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu) and (b) in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notices will, if published more than once, be deemed to have been given on the date of the first publication, as provided above.

Except in the case of Notes listed on the Luxembourg Stock Exchange (unless its rules so permit), until such time as any definitive Notes are issued, there may, so long as the global Note(s) representing the Notes is or are held in its or their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, as appropriate, for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

The holders of Receipts, Coupons and Talons will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition.

## 16. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may, without the consent of any Noteholder or Couponholder, substitute for itself any other body corporate incorporated in any country in the world as the debtor in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement (the "Substituted Debtor") upon notice by the Issuer and the Substituted Debtor to be given in accordance with Condition 15, provided that:
- (i) the Issuer is not in default in respect of any amount payable under the Notes;
  - (ii) the Issuer and the Substituted Debtor have entered into such documents (the "Documents") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition 16);

- (iii) the Substituted Debtor shall enter into a deed of covenant in favour of the holders of the Notes then represented by a global Note on terms no less favourable than the Deed of Covenant then in force in respect of the Notes;
  - (iv) if the Substituted Debtor is not Piraeus Bank, the Deed of Guarantee extends to the obligations of the Substituted Debtor under or in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement and continues to be in full force and effect;
  - (v) if the Substituted Debtor is resident for tax purposes in a territory (the "New Residence") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "Former Residence"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10, with the substitution of references to the Former Residence with references to the New Residence;
  - (vi) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents;
  - (vii) legal opinions shall have been delivered to the Agent from lawyers of recognised standing in the jurisdiction of incorporation of the Substituted Debtor, in England and in Greece as to the fulfilment of the requirements of this Condition 16 and that the Notes and any Receipts, Coupons and/or Talons are legal, valid and binding obligations of the Substituted Debtor;
  - (viii) if Notes issued or to be issued under the Programme have been assigned a credit rating by Standard & Poor's and/or Moody's and/or Fitch, Standard & Poor's and/or Moody's and/or Fitch as the case may be, having been notified of the proposed substitution, shall not have stated within 30 days thereafter that, as a result of such substitution, the credit rating of the Notes would be downgraded;
  - (ix) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on such stock exchange; and
  - (x) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes and any Coupons.
- (b) Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes, any Coupons, the Deed of Covenant and the Agency Agreement with the same effect as if the Substituted Debtor had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes, any Receipts, Coupons and/or Talons, the Deed of Covenant and under the Agency Agreement.
- (c) After a substitution pursuant to Condition 16(a) the Substituted Debtor may, without the consent of any Noteholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 16(a) and 16(b) shall apply mutatis mutandis, and references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

- (d) After a substitution pursuant to Condition 16(a) or 16(c) any Substituted Debtor may, without the consent of any Noteholder or Couponholder, reverse the substitution, *mutatis mutandis*.
- (e) The Documents shall be delivered to, and kept by, the Agent. Copies of the Documents will be available free of charge during normal business hours at the specified office of each of the Paying Agents.

## **17. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes ranking *pari passu* in all respects (or in all respects save for the amount and date of the first payment of interest thereon) with the outstanding Notes and so that the same shall be consolidated and form a single series with the outstanding Notes.

## **18. GOVERNING LAW; SUBMISSION TO JURISDICTION**

- (a) The Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that (i) Condition 20 and (ii), in the case of Dated Subordinated Notes issued by Piraeus Bank, Condition 3(a) is governed by and shall be construed in accordance with Greek law and in the case of Dated Subordinated Notes issued by Piraeus PLC, Condition 3(b) and clause 5.8 of the Deed of Guarantee are governed by and shall be construed in accordance with Greek law.
- (b) Piraeus Bank irrevocably agrees, for the exclusive benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes (together "Proceedings"), which may arise out of or in connection with the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the Notes and, for such purpose, irrevocably submits to the jurisdiction of such courts.
- (c) Piraeus Bank irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against Piraeus Bank in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (d) Piraeus Bank irrevocably and unconditionally agrees that service in respect of any Proceedings may be effected upon Piraeus Bank S.A., London branch at Tower 42, 25 Old Broad Street, London EC2N 1 PB and undertakes that in the event of it ceasing to maintain a London branch Piraeus Bank will forthwith appoint a further person as its agent for that purpose and notify the name and address of such person to the Agent and agrees that, failing such appointment within fifteen days, any Noteholder shall be entitled to appoint such a person by written notice addressed to Piraeus Bank and delivered to Piraeus Bank or to the specified office of the Agent. Nothing contained herein shall affect the right of any Noteholder to serve process in any other manner permitted by law.

## **19. THIRD PARTY RIGHTS**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **20. PIRAEUS BANK NOTEHOLDERS AGENT**

Should law 3156/2003 of the Hellenic Republic (the "Bond Law") apply in the case of issue of Notes by Piraeus Bank (the "Piraeus Bank Notes"), Piraeus Bank shall, if required to do so under the Bond Law, whether the holders of Piraeus Bank Notes (the "Piraeus Bank Noteholders") are organised in a group or otherwise, appoint an agent (the "Piraeus Bank Noteholders Agent") by way of a written agreement (the "Piraeus Bank Noteholders Agency Agreement"). The Piraeus Bank Noteholders Agent shall represent the Piraeus Bank Noteholders judicially and extra-judicially in accordance with the provisions of the Bond Law. The Piraeus Bank Noteholders Agency Agreement shall include, among others, provisions for convening meetings of the Piraeus Bank Noteholders to consider, *inter alia*, any matter affecting their interests, as may be required under the Bond Law. The particular duties, rights and liabilities of the Piraeus Bank Noteholders Agent and any amendments to the Conditions and this Offering Circular, inherent to (i) the appointment of the Piraeus Bank Noteholders Agent, and (ii) the entering into the Piraeus Bank Noteholders Agency Agreement shall be included in the relevant Final Terms and/or, if necessary, any supplement to this Offering Circular which will be prepared for the issue of Piraeus Bank Notes.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used by the relevant Issuer for the general corporate and financing purposes of the Group (as defined below) which include making a profit. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## PIRAEUS GROUP FINANCE PLC

### Introduction

Piraeus Group Finance PLC was incorporated in, and under the laws of, England on 26th October, 2000 as a public limited company of indefinite duration. Piraeus PLC is registered in England with number 4097418 and operates under the Companies Act 2006. The principal place of business of Piraeus PLC is Tower 42, 25 Old Broad Street, London EC2N 1PB, telephone +44 20 7920 6000. The registered office of Piraeus PLC is 4 Felstead Gardens, Ferry Street, London E14 3BS. Piraeus PLC was acquired by Piraeus Bank on 25th January, 2001 and the share capital of Piraeus PLC continues to be held, directly or indirectly, by Piraeus Bank. Piraeus PLC's legal and commercial name is Piraeus Group Finance PLC.

### Directors

The Directors of Piraeus PLC and their respective business addresses and principal activities in relation to Piraeus PLC and Piraeus Bank are:

<b>Name</b>	<b>Address</b>	<b>Principal activities</b>
Chris Wheeler	Tower 42, 25 Old Broad Street London EC2N 1PB	Director of Piraeus PLC Director of Piraeus Group Capital Ltd
David Rampling	Tower 42, 25 Old Broad Street London EC2N 1PB	Director of Piraeus PLC Director of Piraeus Group Capital Ltd

Other than as disclosed above, no Director has any activities outside Piraeus PLC which are significant with respect to Piraeus PLC.

The Secretary of Piraeus PLC is Jamestown Investments Limited, 4 Felstead Gardens, Ferry Street, London E14 3BS.

Piraeus PLC has no employees or non-executive Directors.

Piraeus PLC is not aware of any potential conflict of interest between the duties to Piraeus PLC of the persons listed above and their private interests or other duties.

### Activities

The share capital of Piraeus PLC was acquired, directly or indirectly, by Piraeus Bank with the intention that Piraeus PLC should operate as a financing vehicle for Piraeus Bank and the Group. Except in connection with the Programme, Piraeus PLC has not engaged in any activities since its incorporation. Piraeus PLC has no subsidiaries or associated companies. Piraeus PLC is not aware of any arrangement the operation of which may at a subsequent date result in a change of control of Piraeus PLC.

### General

Piraeus PLC has made no investments since the date of the last published financial statements and has made no firm commitments on future investments.

As Piraeus PLC is a finance company whose sole business is raising debt to be on-lent to Piraeus Bank and other subsidiaries of Piraeus Bank on an arm's-length basis, Piraeus PLC is dependent upon Piraeus Bank and other subsidiaries of Piraeus Bank servicing these loans.

There have been no recent events particular to Piraeus PLC which are to a material extent relevant to the evaluation of Piraeus PLC's solvency.

Save for Piraeus PLC's dependence upon Piraeus Bank and other subsidiaries of Piraeus Bank (as referred to above), no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Piraeus PLC's prospects for the current financial year have been identified.

Piraeus PLC's objects are set out in paragraph 4 of its Memorandum of Association and include carrying on its business as a general commercial company.

Other than the execution of the Programme Agreement, the Agency Agreement, the Deed of Covenant and the Notes (each as defined in this Offering Circular) Piraeus PLC has not entered into any contract outside the ordinary course of its business which could result in Piraeus PLC being under an obligation or entitlement that is material to Piraeus PLC's ability to meet its obligations to the holders of Notes under the Programme.

Piraeus PLC has no audit committee and complies with general provisions of English law on corporate governance.

## **Selected financial information relating to Piraeus PLC**

### **Capitalisation and Indebtedness**

The following table sets out the capitalisation and indebtedness of Piraeus PLC as at 31st December, 2010 and 31st December, 2009. There has been no material change in the capitalisation of Piraeus PLC since 31st December, 2010.

	<b>Year ended 31st December, 2010</b>	<b>Year ended 31st December, 2009</b>
	<b>(Amounts in EUR thousands)</b>	
Authorised Share Capital of 50,000 Ordinary Shares of £1 each.....	71	71
Issued Share Capital of 50,000 Ordinary Shares of 25 pence each paid up .....	18	18
Profit and loss account .....	4,593	368
<b>Total Shareholders' Equity</b> .....	<b>4,611</b>	<b>386</b>
Shareholders' Equity.....	4,611	386
Creditors falling due within one year .....	1,245,929	1,949,208
<b>Total Shareholders' Equity and Liabilities</b> .....	<b>3,349,308</b>	<b>4,302,918</b>

The debt of Piraeus PLC as of 31st December, 2010 was €3,349.3 million (2009: €4,302.9 million).

As at the date of this Offering Circular, no call has been made on the 75 pence not paid up on each Ordinary Share (£37,500 in total).

### **Accounts and Dividends**

Since the date of its incorporation, five dividend payments have been made. These amounted to €3.5 million in 2006, €6 million in 2007, €5.5 million in 2008, €3.0 million in 2009 and €4.0 million in 2010, which was paid in April 2011. Copies of the latest annual accounts for the years ended 31st December, 2009 and 2010 and interim accounts of Piraeus PLC will be available free of charge at the specified offices of Deutsche Bank Luxembourg S.A. in Luxembourg.

The financial information set out below has been derived from the audited financial statements of Piraeus PLC at 31st December, 2010. Such information should be read in conjunction with, and is qualified in its entirety by reference to, Piraeus PLC's audited financial statements and the related notes thereto incorporated by reference to this Offering Circular.

### Profit and Loss Account

	<b>Year ended 31st December, 2010</b>	<b>Year ended 31st December, 2009</b>
	<b>(Amounts in EUR thousands)</b>	
Turnover .....	112,565	112,773
Interest payable .....	(106,530)	(108,194)
Foreign exchange gains/(losses) .....	28	(38)
	<u>6,063</u>	<u>4,541</u>
Administrative expenses.....	(171)	(78)
<b>Profit on ordinary activities before taxation</b> .....	<b>5,892</b>	<b>4,463</b>
Tax on Profit on Ordinary Shares .....	(1,667)	(1,130)
<b>Retained profit for the financial period</b> .....	<b>4,225</b>	<b>3,333</b>

### Balance Sheet

	<b>Year ended 31st December, 2010</b>	<b>Year ended 31st December, 2009</b>
	<b>(Amounts in EUR thousands)</b>	
<b>Current Assets</b>		
Amounts due from parent undertakings .....	3,348,912	4,292,719
Fair Value of derivatives .....	387	2,179
Cash at bank and in hand .....	9	8,020
	<u>3,349,308</u>	<u>4,302,918</u>
<b>Creditors: Amounts falling due within one year</b> .....	<b>(1,245,929)</b>	<b>(1,949,208)</b>
<b>Derivative financial instruments</b> .....	<b>(387)</b>	<b>(2,179)</b>
<b>Net Current Assets</b> .....	<b>2,102,992</b>	<b>2,351,531</b>
<b>Creditors: Amounts falling due after more than one year</b> .....	<b>(2,098,381)</b>	<b>(2,351,145)</b>
<b>Net Assets</b> .....	<b>4,611</b>	<b>386</b>
	<u>4,611</u>	<u>386</u>
<b>Capital and Reserves</b>		
Called up capital .....	18	18
Profit and loss account .....	4,593	368
<b>Shareholders' Funds</b> .....	<b>4,611</b>	<b>386</b>

## Cash Flow Statement

	<b>1st January- 31st December, 2010</b>	<b>1st January- 31st December, 2009</b>
	<b>(Amounts in EUR thousands)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Interest and commission receipts .....	112,565	112,773
Less: (Increase) in accrued income .....	(2,295)	(1,192)
<b>Sum of cash inflows</b> .....	<u>110,270</u>	<u>111,581</u>
<b>Cash Outflows</b>		
Interest and commission expense .....	106,530	108,194
Other operating and exceptional expenses .....	171	78
(Gain)/loss from FX trading and revaluations and loss from securities trading .....	(28)	38
(Decrease)/increase in loans and advances to customers and credit institutions .....	(946,102)	191,126
(Decrease) in accrued expenses .....	(2,043)	(2,058)
Taxes and dividends cash flows .....	4,424	7,386
<b>Sum of cash (inflows)/outflows</b> .....	<u>(837,048)</u>	<u>304,764</u>
<b>Net cash from operating activities</b> .....	947,318	(193,183)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Cash inflows/(outflows)</b>		
(Decrease)/increase in liabilities from issuing bonds and other securities .....	(955,329)	195,101
<b>Net cash from financing activities</b> .....	<u>(955,329)</u>	<u>195,101</u>
<b>Net (decrease)/increase in cash and cash equivalents</b> .....	(8,011)	1,918
<b>Cash and cash equivalents at the beginning of the year</b> ..	<u>8,020</u>	<u>6,102</u>
<b>Cash and cash equivalents at the end of the year</b> .....	<u><u>9</u></u>	<u><u>8,020</u></u>

## PIRAEUS BANK AND THE PIRAEUS BANK GROUP

The following overview should be read in conjunction with, and is qualified in its entirety by, the more detailed information and the financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in the Offering Circular.

### 1. Overview of Piraeus Bank and the Piraeus Bank Group

Piraeus Bank S.A. was incorporated in Greece on 6th July, 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution under the Codified Law 2190/1920 and Law 3601/2007, each as in force. The Bank is a company limited by shares (société anonyme) with the legal name 'Piraeus Bank Société Anonyme'. It is registered in Greece (number 6065/06/B/86/04) and has its registered office at 4 Amerikis Str., 105 64 Athens, Greece (telephone +30 210 333 5000). It has been listed on the Athens Exchange ("ATHEX") since 1918, and is subject to the regulation and supervision by the Bank of Greece as well as the Hellenic Capital Market Commission. The Bank's commercial name is Piraeus Bank. The duration of the Bank as determined by its Articles of Association has been extended to terminate on 6th July, 2099.

Piraeus is the flagship company of the Piraeus Bank Group of Companies (the "Group"; the "Piraeus Bank Group" or the "Piraeus Group") and the direct parent of the majority of the subsidiaries comprising the Piraeus Group.

Piraeus Bank Group is one of the most dynamic and active financial organisations in Greece today. Piraeus Bank is a universal bank and leads a group of companies covering all types of financial and banking activities in the Greek market. Piraeus Group possesses particular know-how in the areas of small and medium-sized enterprises ("SMEs"), retail banking, corporate banking, project finance, leasing, capital markets, investment banking and provides services in asset management and bancassurance. Piraeus Bank offers services through a nationwide network and also through the electronic banking network winbank ("Winbank"). The latter offers a full set of services through four different distribution channels: the internet, mobile phones, a call centre and ATMs. The excellent level of service provided by Winbank has attracted a number of awards and distinctions. Piraeus Bank Group has also built significant presence in the field of Green Banking with 45 dedicated Green Banking branches and 315 Green Points in Greece, and products that support lending for Renewable Energy Sources ("RES") saving energy, waste management, green transportation, organic farming, ecotourism, agritourism and green chemistry products.

Both Piraeus Bank and the Piraeus Group, as a whole, have developed significantly over the last few years, both through organic growth and acquisitions, and Piraeus Bank is now the fourth largest bank in Greece in terms of assets, loans and deposits. In terms of international presence, Piraeus Bank Group is active in seven countries of the broader region of Southeastern Europe and the Eastern Mediterranean (i.e. Bulgaria, Romania, Serbia, Albania, Ukraine, Cyprus, Egypt), while it is also present in the financial centres of London and New York. At 31st December, 2010, Piraeus Bank Group had a network of 882 branches (360 in Greece and 522 abroad) and employed 13,320 people, while its total assets amounted to €57.7 billion.

As of 31st December, 2010, the share capital of Piraeus Bank was divided into 336,272,519 ordinary registered voting shares (listed on ATHEX) with a nominal value €0.30 each and 77,568,134 non voting preferred registered shares of nominal value €4.77 each, (preference shares are issued under the provisions of Law 3723/2008). The Second Iterative General Meeting on 20th December, 2010 decided to reduce the par value of common shares to €0.30 from €4.77 per share previously, in accordance with Article 4 of Law 2190/1920, with a formation of a special equity reserve, equivalent to the reduction in the share capital of €1,503,138,159.93. This reduction was purely technical and had no impact on the total equity of the Bank, while no free shares were issued. Thus, on 31st December, 2010 Bank's share capital amounted to €470,881,754.88 (common and preference shares in total). With the completion of the share capital increase in January 2011, by €807,054,045, the share capital of Piraeus Bank stood at

€712,997,968.38 divided into 1,143,326,564 ordinary shares of nominal value €0.30 each and 77,568,134 preference shares with a nominal value of €4.77 each. It is noted that at the end of 2010 Piraeus Bank did not hold treasury shares. Finally, in the Ordinary General Meeting of Shareholders which took place on 20th May, 2011, the Board of Directors proposed the increase of the nominal value of each common share from €0.30 to €1.20 with the reduction of the number of common shares of the Bank from 1,143,326,564 to 285,831,641 (reverse split).

Regarding Preference Shares, it is noted that, on 14th May, 2009 an agreement was signed between Piraeus Bank and the Greek State whereby the latter acquired the Bank's 77,568,134 preferred non-voting shares (nominal value €4.77 each) worth €370 million within the framework of Law 3723/2008 on "Liquidity Support of the Economy for mitigating the consequences of the international financial and credit crisis and other provisions" (hereinafter "L.3723/2008").

On 31st December, 2010, the total number of shareholders stood at 149,005. Following the capital increase, which was completed on 31st January, 2011, the total number of the Bank's shareholders on 31st March, 2011 was 153,287. On 29th April, 2011, PPF Group N.V announced that, following the approval received from the Bank of Greece, it had increased its equity stake to 5.72 per cent. in Piraeus Bank S.A.

At the end of 2010, Piraeus Bank Group's equity capital amounted to €3.3 billion (including Greek state preference shares of €0.37 billion) with a capital adequacy ratio of 9.3 per cent. and Tier I 8.4 per cent. (Basel II). As a result of the rights issue which was completed in January 2011, the respective capital adequacy ratios pro forma as of 31st December, 2010 were 11.3 per cent. and 10.4 per cent.

As of 1st January, 2005, Piraeus Bank prepares all its financial statements under the International Financial Reporting Standards ("IFRS"), while, for comparability purposes, in 2004 financial statements were also prepared under IFRS. PricewaterhouseCoopers are the auditors for the annual financial statements. The quarterly financial statements prepared by Piraeus Bank under IFRS are unaudited.

## **2. Strategy**

Piraeus Bank took advantage of the deregulation and consolidation of the Greek banking sector in the 1990s, increasing its presence in the domestic banking sector and raising its share of the loan sector from 0.3 per cent. in 1991 to 11.1 per cent. at December 2010 (source: published parent level financial statements – Bank of Greece).

In regards to current economic trends and the relative risks and uncertainties, it is noted that, while the international economic environment is showing signs of gradual economic recovery, Greece will be in a recession phase for a third consecutive year in 2011, with an anticipated recovery beginning by year 2012 (source IMF, EU, ECB).

The basic objectives of the Group for 2011 are the following:

- To ensure the necessary liquidity;
- To maintain a satisfactory capital adequacy level;
- To ensure asset quality; and
- To reduce operating cost.

The completion of the share capital increase in early 2011 allows the Bank to address the current challenges of the economic environment from a stronger position, to reinforce its presence in the banking market, to enhance its fund raising ability as soon as a normalisation of the interbank markets becomes evident and to grasp the growth opportunities of the wider geographic region, when the conditions permit it.

Other than the execution of the Programme Agreement, the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the Notes, neither Piraeus Bank nor any other member of Piraeus Group has entered into any contract outside the ordinary course of its business which could result in any Piraeus Group member being under an obligation or entitlement that is material to Piraeus Bank's ability to meet its obligations to the holders of Notes under the Programme.

### 3. Piraeus Bank Group Organisational Structure

The Greek financial services sector has historically been characterised by the presence of specialised companies established around a principal bank. In a similar manner, the Piraeus Bank Group is comprised of Piraeus Bank and its subsidiaries. Piraeus Bank is not dependent upon any other entities within the Group. The following diagram summarises the divisional structure of the principal direct and indirect subsidiaries of the Piraeus Bank as at 31st December, 2010 (save as stated therein):

<b>Piraeus Bank Group</b>				
<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. S.A. (97%) Marathon Banking Corporation (96%) <i>(as of March 2011)</i> Piraeus Bank Romania S.A. (100%) Piraeus Bank Beograd A.D. (100%) Piraeus Bank Bulgaria A.D. (100%) Piraeus Bank Egypt S.A.E. (98%) JSC Piraeus Bank ICB (100%) Piraeus Bank Cyprus LTD (100%) Piraeus Leases S.A. (100%) Piraeus Card Services S.A. (100%) Piraeus Factoring S.A. (100%) Piraeus Leasing Romania S.R.L. (100%) Tirana Leasing S.A. (100%) Piraeus Leasing Bulgaria EAD (100%) Piraeus Auto Leasing Bulgaria EAD (100%) Piraeus Best Leasing Bulgaria EAD (100%) Piraeus Egypt Leasing Co (100%) Piraeus Leasing Doo Beograd (100%) Olympic Commercial & Tourist Enterprises S.A. (95%) <i>(as of 30th June, 2011, Olympic S.A. merged with the 100% subsidiary company of Piraeus Bank S.A., Piraeus Multifin S.A.)</i>	Piraeus Securities S.A. (100%) Piraeus Egypt for Securities Brokerage Co (100%)	Piraeus Asset Management Mutual Funds (100%) Piraeus Asset Management Europe S.A. (100%) Piraeus Group Capital LTD (100%) Piraeus Group Finance PLC (100%) Piraeus Wealth Management S.A. (65%)	Piraeus Insurance and Reinsurance Brokerage S.A. (100%) Piraeus Insurance Agency S.A. (100%) Piraeus Insurance – Reinsurance Broker Romania S.R.L. (100%) Piraeus Insurance Brokerage EOOD (100%) Piraeus Insurance Brokerage Egypt SAE (98%)	Piraeus Direct Services S.A. (100%) Piraeus Real Estate S.A. (100%) Picar S.A. (100%) ETVA Industrial Estates S.A. (65%)

#### **4. Ownership of Piraeus Bank**

Following the €807 million capital increase completed in early 2011, the ownership of Piraeus Bank per shareholder identity at the end of March 2011 was as follows:

30.6%	Foreign institutional investors
7.7%	Greek institutional investors
27.5%	Enterprises
1.3%	Greek State (ex-ETVAbank's shareholder)
0.1%	ETESEP
32.7%	Individual Shareholders

The Piraeus Bank share capital today amounts to €712,997,968.38, divided into 1,143,326,564 common registered shares with voting rights and a nominal value of €0.30 each, and 77,568,134 preference shares of L.3723/2008, without voting rights and a nominal value of €4.77 each.

Piraeus Bank is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of Piraeus Bank.

#### **5. Management of Piraeus Bank**

The General Meeting of the Shareholders is ultimately the governing body of Piraeus Bank entitled to elect the Board of Directors (hereinafter also known as "BoD"). The Board of Directors, which is the managerial body of the Bank, is made up of seventeen members, of which six have executive and eleven have non-executive duties. Three of the non-executive directors are also independent, according to the effective legislation. The meetings of the Board of Directors are attended by the appointed Representative of the Greek State, under article 1 of L.3723/2008.

The Board of Directors was reconstituted as a body and designated its Executive and Non Executive Members, in accordance with Law 3016/2002, as follows:

##### *Executive Members*

Michalis G. Sallas, Chairman of the BoD  
Stavros M. Lekkakos, Managing Director & CEO  
Alexandros S. Manos, Managing Director  
Christodoulos G. Antoniadis, Deputy Managing Director  
Elias D. Milis, Deputy Managing Director  
Spiridonas A. Papaspirou, Deputy Managing Director

##### *Non-Executive Vice-Chairmen*

Ioannis V. Vardinoyiannis  
Iakovos G. Georganas

##### *Non-Executive Members*

Georgios P. Alexandridis, Independent Member  
Hariklia A. Apalagaki  
Eftyhios T. Vassilakis  
Stylianos D. Golemis  
Fotini A. Karamanli, Independent Member  
Theodoros P. Mylonas, Independent Member  
Vassilios S. Furlis  
Jiri J. Smejč  
Konstantin P. Yanakov

Other than as disclosed above no Executive Member, Non-Executive Vice-Chairman or Non-Executive Member has any activities outside Piraeus Bank which are significant with respect to Piraeus Bank.

Piraeus Bank is not aware of any potential conflicts of interest between the duties to Piraeus Bank of the persons listed above and their private interests or other duties.

The business address of each person identified above is 4 Amerikis Street, 105 64 Athens, Greece.

## 6. Activities of the Piraeus Bank Group

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

### 6.1. Retail Banking and Branch Network

Retail banking is mainly conducted through the Bank's branch network in Greece and abroad through the subsidiaries of the Group. The Group offers a variety of products in retail banking and is focused on developing specialised products for its clientele.

#### 6.1.1. Deposit Products

The Bank offers a wide range of depositary and investment products suited for individual clients as well as for corporate clients, in all major foreign currencies. Deposits and retail bonds of the Group amounted to €30.0 billion at the end of December 2010, a decrease of 2.5 per cent. year-on-year on the back of the decline in the Greek portfolio (a decrease of 6 per cent. compared to 2009), while international deposits were up 15.9 per cent. compared to the previous year.

<b>Deposits (on a consolidated basis) Amounts in EUR million</b>	<b>as at 31st December,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
Savings deposits .....	3,676	4,293	-14.4%
Sight & Other deposits .....	4,944	5,615	-11.9%
Term deposits, Retail Bonds & Repos .....	21,375	20,848	+2.5%
<b>Total customer deposits and retail bonds .....</b>	<b>29,995</b>	<b>30,755</b>	<b>-2.5%</b>

#### 6.1.2. Mortgage and Consumer Credit

Mortgage loans in Greece amounted to €6.1 billion at the end of 2010 compared to €5.9 billion one year earlier, with a market share of 7.6 per cent.

The Group's consumer loans balance in Greece stood at €3.0 billion at the end of 2010 compared to €3.3 billion at the end of 2009, with a market share at 7.9 per cent.

The Bank's credit cards market share rose to 9.2 per cent. in 2010 from 8 per cent. in 2009, with the balance reaching €774 million (from €766 million in 2009).

The Bank is active in consumer vehicle financing via Piraeus Multifin S.A., which finances new and used cars, motorcycles and small vessels. It cooperates with more than 330 car dealers and auto importers around Greece, including certain major dealers.

<b>Consumer Credit (on a consolidated basis)</b> <b>Amounts in EUR million</b>	<b>as at 31st December,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
Consumer Loans.....	4,496	4,949	-9.2%
Mortgage Loans .....	6,910	6,659	-3.8%
<b>Totals .....</b>	<b>11,405</b>	<b>11,608</b>	<b>-1.7%</b>

### 6.1.3. Other Retail Banking Services

#### 6.1.3.1. Bancassurance and Insurance Brokerage

Piraeus Insurance Agency S.A., together with Piraeus Insurance and Reinsurance Brokerage S.A., form the single arm of insurance mediation services, aimed at fully covering the insurance needs of Piraeus Bank Group customers. In 2010, the total managed portfolio amounted to €214 million, from €223 million, in 2009, while insurance premiums from new production in 2010 amounted to €23 million.

#### 6.1.3.2. Winbank, e-banking

Ten years after its creation, Winbank (the first integrated platform for web banking in Greece) has become a strategic pillar for the future development of the Bank, as it has been repeatedly described by the Bank's management. Continuing the success of the previous years, in 2010 Winbank received several awards, both domestically and internationally.

In 2010, apart from Greece, the Winbank international platform operated in four more subsidiary banks (Albania, Cyprus, Bulgaria, Egypt). In addition, the banks in Romania and the Ukraine are at an advanced stage of integration into Winbank. With the above the Group aims to provide advanced functionality and uniformity to the end user of Winbank.

The number of registered Winbank users in Greece rose by 21 per cent., representing 16 per cent. of the total Bank customers. Winbank visits increased by 18 per cent. versus 2009, while the number of active users rose by 32 per cent. There was also a noteworthy increase in stock exchange orders placed via Winbank, exceeding 54 per cent. of total Bank orders, as well as 65 per cent. of customer remittances. Registered phone banking users rose by 55 per cent. versus 2009, while the number of registered users' served calls exceeded 10,000.

At year-end 2010, the Piraeus Bank ATM network numbered 682 ATMs, of which 359 were installed in Bank branches and 323 in other points of interest (e.g. stores, supermarkets). The total volume of ATM transactions reached 25 million, same as 2009, while total transaction value was €4.7 billion. 78 per cent. of total Bank withdrawals and 9 per cent. of total deposits were made at these ATMs.

In 2010, 91 per cent. of total debit cards were replaced by the new chip cards, thus ranking the Bank at the top of Greek banks with European Mastercard Visa ("EMV") technology readiness. The total activated debit cards numbered approx. 850,000 cards at year-end 2010, reduced by 10 per cent. because of the mass cancellation of "inactive" debit cards in March 2010 in view of EMV transition. The new debit card issuance rose significantly by 40 per cent. versus 2009, ATM activity reached 17 million (+3 per cent.), while total transaction value reached €4 billion (+2 per cent.). Of particular importance was the increase in debit card use for purchases (17 per cent.), exceeding 2.5 million transactions, with total value approx. €172 million (+8 per cent.). It should be noted that half of all transactions of the total number of purchases were made through the internet. Three years after their introduction, "WeBuy" virtual prepaid payment cards exceeded 45,000, noting a significant increase of 49 per cent. Transactions exceeded 356,000 (+54 per cent.) and transaction value reached €20 million.

### 6.1.3.3. Green business and green banking products

In the last few years, there has been a significant shift of businesses away from traditional forms of investments and this has resulted in the surfacing of green entrepreneurship as a distinct sector of economic development.

Piraeus Bank recognises that this new model of economic development plays a decisive role in social prosperity – by preserving and creating new job positions – as well as in the responsible management of environmental issues. In this context and with the ultimate goal of strengthening the Bank's existing experience in matters of green entrepreneurship, the Group's Executive Committee decided in 2010 to set forth specific actions with the following targets:

- to place Piraeus Group at the forefront of specialisation in green entrepreneurship in Greece and to play a leading role in the countries where it is active;
- to base this specialisation on an innovative development model based on the principles of sustainable banking, which combine profitability with environmentally – proper and socially – balanced choices.

In order to achieve the goal of specialising in green entrepreneurship, Piraeus Bank decided in 2010 to adopt a "Green" Structure throughout the Bank network, based on two directions:

- a central point for supporting responsible and sustainable development of businesses, professional and households, called "Green Point" was set-up in each branch in order to make the Green Banking concept distinct in the branches. The Green Points were staffed with employees fully trained in green entrepreneurship culture and the green products;
- 45 network branches in Greece were transformed into Green Branches. Their role is to act as the main vehicle for the promotion of green entrepreneurship as well as for the reduction of the Bank's environmental footprint, thus setting the example for collaborating companies and individuals.

## 6.2. *Corporate Banking*

In Greece, Piraeus Bank Group historically holds a strong position in providing financing services to businesses active in all sectors of the economy. The Bank is a well-established player in business lending and project finance, having a particular goal to be the main servicing bank of the SME market segment.

Piraeus Bank Group offers financing services to businesses that operate in all sectors of the economy through its branch network, Large Corporate & Structured Finance Division, Shipping Banking Division, subsidiary banks and subsidiary leasing and factoring companies.

As of 31st December, 2010, Piraeus Bank Group's loan portfolio consisted of 71 per cent. business loans, with an outstanding principal balance of €27.7 billion which increased by 2.2 per cent. compared to the 2009 balance. Corporate loans increased by 7.2 per cent. to €9.5 billion in 2010, of which €1.4 billion were to shipping companies (3.6 per cent. of the Group's loan portfolio). Loans to SMEs amounted to €18.1 billion (a decrease of 0.3 per cent. year on year), representing 46 per cent. of total Group portfolio.

### 6.2.1. Corporate Loans and Advances to Businesses

Piraeus Bank Group holds a strong position in business financing with considerable diversity in all sectors of the economy and an emphasis on SMEs. Total loans and advances to businesses by Piraeus Bank Group in Greece amounted to €21.5 billion at the end of 2010, higher than €20.7 billion in 2009. Loans to large enterprises rose to €7.7 billion, while loans to medium- and small-sized enterprises stood at €13.8 billion. At the end of 2010, the Bank's market share in Greece for

all business loans stood at 13.5 per cent. compared to 14.0 per cent. at the end of 2009 (source: Bank of Greece for the Greek Market, Piraeus Bank Financial Statements).

With respect to leasing activities, Piraeus Leases S.A. focuses on car, real estate and machinery leasing and has a market share of 14 per cent. (source: 2010 annual financial statements). In 2010, the company responded successfully to this task, maintaining its leased assets at €1.1 billion, while new activities reached approx. €150 million.

Olympic Commercial and Tourist Enterprises S.A., which operates under the AVIS-Best Leasing trademark, focuses mainly on long-term leases which account for 85 per cent. of the company's activities. The 2010 total company fleet reached 30,900 vehicles. The company succeeded in remaining the largest car leasing company in Greece, maintaining turnover at about 2009 levels, with pre-tax profits up 4 per cent.

The Group provides domestic and export factoring services to Greek businesses, as well as consumer factoring through Piraeus Factoring S.A. The company is a member of the international organisation Factors Chain International (FCI) and a member of The Hellenic Factors Association and co-operates with the most important factoring organisations abroad. The company provides businesses with working capital, by funding their receivables and ensuring effective management and constant evaluation of the solvency of existing new partnerships, as well as providing insurance coverage of credit risk.

**Loans (on a consolidated basis)  
Amounts in EUR million**

	<b>as at 31st December,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
Large Enterprises .....	9,544	8,901	+7.2%
SMEs .....	18,121	18,175	-0.3%
<b>Total</b> .....	<b>27,666</b>	<b>27,076</b>	<b>+2.2%</b>

6.3. *Investment Banking*

6.3.1. Capital Market Operations & Advisory Services

Piraeus Bank provides underwriting and advisory services throughout the capital market product spectrum.

In 2010, Piraeus Bank held one of the top positions in advisory service provision to the IPOs made on ATHEX. The Bank also held the role of adviser for the company Alfawood ABEE in the framework of the mandatory public tender offer it made to the shareholders of the listed Selman SA company. The Bank also provided advisory services to the Board of Directors of the listed companies Agrotiki Asfalistiki SA and Informer SA, in the framework of the voluntary and mandatory public tender offers respectively.

In the field of advisory services, Piraeus Bank continued its successful operations in 2010, in mergers, acquisitions, share capital increases and company valuations. In the same year, Piraeus Bank, in collaboration with its subsidiary Piraeus Real Estate, assumed the role of adviser for Piraeus Port Authority SA for extension work to the southern section of the central port to cater for cruise ships and for the construction of a new quay to cater for cruise ships in the area of Aghios Nikolaos.

6.3.2. Stock Exchange Operations – Piraeus Securities S.A.

Piraeus Securities S.A. has two branch offices in Thessaloniki and Patra in addition to its head offices in Athens and collaborates with several Investment Brokerage Companies in Greece and the entire Piraeus Bank branch network.

In 2010, Piraeus Securities S.A. once again held one of the top positions in the field of investment banking operations, ranking 5th, based on total transactions, with a 6.3 per cent. market share. In the derivatives sector, Piraeus Securities S.A. was the first Greek securities company to operate in Greece and has acquired the capacity of Market Maker B according to Athens Stock Exchange Regulations. During 2010 the company ranked from 1st to 7th in the individual derivatives markets, with percentages ranging from 3.8 per cent. to 24.7 per cent. and with particular specialisation in stock futures trading.

### 6.3.3 Shareholdings – Participations

In 2010 Piraeus Bank continued the capital strengthening of subsidiaries, affiliates and other equity participations of the Group. These actions are aimed at the strengthening and enlargement of Piraeus Group's operations, as well as better management at both business and operating levels. To achieve this, the Bank increased its equity participation in subsidiary companies of the financial sector abroad by €86.5 million; increased its equity participation in various companies, among which the car leasing company Olympic Commercial and Tourist Enterprises SA (AVIS) by €47 million, in Sciens SA by €14 million and in Piraeus Equity Partners LTD (Cyprus) by €9 million.

### 6.4. Asset Management

Total assets managed by the Piraeus Bank Group (deposits, mutual funds, wealth management) amounted to €31 billion at the end of 2010, as deposits fell due to the adverse market conditions in Greece.

<b>Assets under Management by the Group</b> <b>Amounts in EUR million</b>	<b>as at 31st December,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
Deposits & repos .....	29,475	30,064	-2.0%
Retail bonds .....	520	692	-24.8%
Assets under management <sup>(1)</sup> .....	1,071	1,208	-11.4%
<b>Total</b> .....	<b>31,066</b>	<b>31,964</b>	<b>-2.8%</b>

1) Mutual Funds (excluding money market) and wealth management

#### 6.4.1 Piraeus Asset Management Mutual Funds

Piraeus Asset Management Mutual Funds SA is the Bank's investment arm in the management of mutual funds "M/F" and institutional investors.

In 2010, Piraeus Asset Management continued its collaboration with the international financial firms Goldman Sachs Asset Management, JP Morgan Asset Management, Pioneer Asset Management, ING Luxembourg and Pictet Funds Luxembourg. Moreover, the company during 2010 also launched a new partnership with BNP Paribas Asset Management Luxembourg.

The company manages/represents a total of 300 M/F. At year-end 2010, the total M/F assets fell to €0.3 billion from €0.4 billion in 2009.

#### 6.4.2. Wealth Management

In July 2009 Piraeus Bank and BNP Wealth Management concluded a strategic agreement for the provision of wealth management services in the countries where Piraeus Group operates. Piraeus Wealth Management SA, the company that resulted from the joint venture of the Piraeus Group with BNP Paribas Wealth Management, began operations at the end of March 2010. The new company offers a unique combination of specialisation from Piraeus Bank in Greece and international know-how from BNP Wealth Management – the largest bank in the Eurozone with one of the highest creditworthiness indices worldwide.

The company provides investment products and services to its customers that equal the standards of the best European private banks. The company offers deposit and investment products such as shares, bonds, mutual funds, foreign exchange, "smart" products of the major international banks, as well as adviser services for investments, tax issues and specialised sectors such as property in large European cities and works of art through BNP Paribas. Assets under management amounted to €0.8 billion at year-end 2010.

#### 6.5. *Treasury*

The Group's Treasury is responsible for the Asset and Liability management of the Group, the development and distribution of treasury products and management of liquidity requirements. Piraeus Bank Treasury has, since 1999, been an active Primary Dealer in the Greek Government Bond Markets. The unit is also actively engaged in the sales and trading activities of the Bank's clientele, supporting business units by disseminating knowledge and developing competitive specialised financial products. Related treasury functions in international subsidiaries are overseen and continuously expanded under the supervision of the Group Treasury, enhancing product offering and ensuring a strong presence in the local markets.

#### 6.6. *International Banking Activities*

As far as international activities are concerned, Piraeus Group has international presence in nine countries, of which four are EU members (Romania, Bulgaria, Cyprus and UK). The five non-EU members are Albania, Serbia, Ukraine, Egypt and USA (presence in the State of New York). Apart from the banks operating in these countries, Piraeus Group has a significant number of subsidiaries in all its countries of presence, which offer specialised financial services (leasing, insurance and investment services, real estate), thus expanding its customer base and adding value to the Group's image in the region.

During 2010, all the countries in southeast Europe and the eastern Mediterranean where the Group is active were not affected to the same degree by the economic crisis. This difference made it necessary to have a different approach to each country and led to the adaptation of the Group's strategic choices and requirements on a financial, business and operational level according to local conditions and prospects.

The focusing of the Bank's international units on raising liquidity and on managing loan portfolio quality and operational costs proved particularly important for the Bank. As a result of the above, international activities successfully dealt with the particular economic conditions, while creating the right conditions to exploit the opportunities that will arise in the future.

An important development in 2010 was the signing of the agreement with the European Bank for Reconstruction and Development (EBRD) for the provision of credit lines totalling €200 million to Group subsidiaries in Albania, Romania and Bulgaria. The EBRD financing provided the three subsidiaries with medium-term senior funding which supported their funding base, diversified and extended the maturity of their liabilities and enhanced their lending to each economy.

In 2010, the deposits of the Bank's foreign units rose by 16 per cent., amounting to €5.6 billion compared to €4.9 billion at the end of 2009. The annual deposit growth rate in 2010 was positive in all countries where the Group has presence. The 'maturing' of the branch network combined with a coordinated effort to improve branch productivity had a very positive result. Actually, there was a €775 million increase in deposits compared with a €243 million decrease in loans in 2010. The loans of the Bank's foreign units decreased by 2.8 per cent. year-on-year, amounting to €8.5 billion in 2010 compared to €8.7 billion in 2009.

In 2010, the Group's international network comprised 522 branches compared to 513 in 2009.

<b>Deposits from Customers</b> <b>(based on financial statements in each country)</b>	<b>as at 31st December,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
	<b>Amounts in EUR million</b>		
Albania - Tirana Bank IBC S.A .....	501	410	22.4%
Bulgaria - Piraeus Bank Bulgaria AD .....	676	655	3.2%
Romania - Piraeus Bank Romania S.A .....	1,164	1,142	1.9%
Serbia - Piraeus Bank Beograd AD.....	212	154	38.3%
Egypt - Piraeus Bank Egypt SAE.....	1,320	1,091	21.0%
Ukraine - OJSC Piraeus Bank ICB .....	123	63	96.1%
Cyprus - Piraeus Bank Cyprus Ltd .....	1,023	774	32.1%
USA - Marathon Banking Corporation .....	544	506	7.7%
London - Piraeus Bank UK ... ..	72	67	6.3%
<b>Total</b> .....	<b>5,636</b>	<b>4,862</b>	<b>+15.9%</b>

  

<b>Loans and Advances to Customers</b> <b>(based on Management Information System ("MIS") data)</b>	<b>as at 31st December,</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
	<b>Amounts in EUR million</b>		
Albania – Tirana Bank IBC S.A. ....	469	445	5.4%
Bulgaria – Piraeus Bank Bulgaria AD .....	1,711	1,853	-7.7%
Romania – Piraeus Bank Romania S.A. ....	3,198	3,396	-5.8%
Serbia – Piraeus Bank Beograd AD.....	597	610	-2.2%
Egypt – Piraeus Bank Egypt SAE .....	853	879	-2.9%
Ukraine – OJSC Piraeus Bank ICB .....	254	232	9.7%
Cyprus – Piraeus Bank Cyprus Ltd .....	755	607	24.5%
USA – Marathon Banking Corporation .....	394	390	1.0%
London – Piraeus Bank UK .....	237	301	-21.0%
<b>Total</b> .....	<b>8,469</b>	<b>8,712</b>	<b>-2.8%</b>

#### 6.6.1. Piraeus Bank Branch in London

Piraeus Bank Group has had a presence in London since 1999. The London Branch key activities are:

- provision of deposit products combined with specialised personal banking services;
- provision of mortgage loans to Greek and UK citizens who live in the UK and seek to acquire real estate property locally, or in any other country where the Group is active;
- raising of capital (senior debt, subordinated debt, hybrid capital, securitisation from the European and international markets);
- support of activities of Piraeus Bank and its subsidiaries.

#### 6.6.2. Marathon National Bank of New York

Marathon Bank of New York joined Piraeus Bank Group in July 1999. It focuses on high quality customer services, and develops innovative products for medium and small-sized enterprises and professionals, contributing to the economic growth of the local communities where it operates. Despite the fact that all community banks were at the centre of the banking crisis and faced high rates of deposit losses, Marathon Bank managed not only to maintain its clientele and its local market share, but also retained its profit level. Marathon Bank has 12 branches in New York City and one in the State of New Jersey.

#### 6.6.3. Piraeus Bank Romania S.A.

Piraeus Bank Group has been present in Romania since 2000, and its network comprised 187 branches on 31st December, 2010.

During 2010 Piraeus Bank Romania followed a conservative policy which led to an increase in deposits, limiting of loans granted and close follow-up and management of loan portfolio quality, given the difficult market conditions.

At the same time, Piraeus Bank Romania signed a loan agreement with EBRD amounting to €90 million, providing the Bank with medium-term senior funding to support its funding base.

Piraeus Group in Romania also offers leasing and insurance services through subsidiaries Piraeus Leasing Romania and Piraeus Insurance Reinsurance Brokerage Romania.

#### 6.6.4. Tirana Bank IBC S.A.

Tirana Bank IBC S.A. was founded in September 1996 and was the first privately owned bank in Albania. On 31st December, 2010 it had 56 branches and was the 2nd largest bank in the country, in terms of loans.

In 2010, the Bank opened nine new branches, mainly small in size. Its wide network and its strong position in the local market resulted in a significant rise in deposits in 2010. There was a notable increase in payroll services to the public and private sector.

Furthermore, in order to support further funding to businesses and households, Tirana Bank IBC S.A. entered into a loan agreement amounting to €40 million with EBRD, supporting actively the local economy and small and medium-sized companies.

It is noted that, apart from banking services, subsidiary Tirana Leasing, which offers leasing services, has also been operating in Albania since 2004.

#### 6.6.5. Piraeus Bank Bulgaria AD

Piraeus Bank Bulgaria AD started operating in 1993, when a branch was set up in Sofia, making it the first foreign bank established in Bulgaria. Today, with an existing network of 101 branches, the Bank offers extensive geographical coverage of the country and is one of the major banks in Bulgaria. The Group's subsidiaries Piraeus Leasing Bulgaria EAD, Piraeus Best Leasing Bulgaria, Piraeus Auto Leasing Bulgaria EAD and Piraeus Insurance Brokerage EOOD also operate in the country.

During 2010 Piraeus Bank Bulgaria continued to significantly improve and upgrade its branch network. Two new business centres were created (now totalling four) exclusively for providing services to medium-sized and small enterprises, while, at the same time, an agreement for collaboration was signed with EBRD totalling €70 million for granting of credit lines aimed at business financing.

#### 6.6.6. Piraeus Bank Beograd AD

Piraeus Bank entered the Serbian market in 2005 with the acquisition of Atlas Bank, later renamed Piraeus Bank Beograd AD. On 31st December, 2010 it had 47 branches and provided a broad range of banking products to individuals and businesses.

In 2010, there was a notable increase in deposit balances, achieved through coordinated efforts to improve branch sales and provide new deposit products. Moreover, in 2010 the installation of the collections and employee evaluation systems were completed, significant improvements were made to deposit and loan products and their alternative sales networks, while in e-banking, the credit card alerts system was put into operation.

Subsidiaries Piraeus Leasing Beograd and Piraeus Best Leasing Beograd have been operating in Serbia since 2007.

#### 6.6.7. Piraeus Bank Egypt SAE

2010 was for Piraeus Bank Egypt a year of development of its deposit base and of upgrading of operational structures and systems. In this framework, the transfer of head offices to Smart Village, a modern business centre with excellent facilities where the largest Egyptian and Middle East businesses are located, was completed. In addition, the restructuring of the branch network commenced, with selective transfer to more central locations and to more modern buildings, thus achieving better promotion of the Bank and a reduction in operating costs. The above, combined with the upgrading of information systems, led to an improvement in the quality of services provided and an increase in customers.

In addition, new products were developed in 2010, overall pricing policy was revised and human resources were strengthened with experienced employees in key management sectors. Great emphasis was placed on stabilising and improving the new core banking system, put into operation at the end of 2009.

Additionally, Piraeus operates in Egypt through Piraeus Insurance Brokerage-Egypt SAE in the field of insurance services, Piraeus-Egypt Asset Management Co. in asset management and Piraeus Egypt for Securities Brokerage Co. in investment banking as well as through its subsidiary Piraeus Egypt Leasing Co. which offers leasing services.

In early 2011, the country faced intense political unrest. Despite this instability, the prospects of the Egyptian economy remain positive.

#### 6.6.8. JSC Piraeus Bank ICB

Piraeus Bank began activities in the Ukraine in late 2007 with the acquisition of the local bank International Commerce Bank ICB.

2010 was a year of particular challenges for Piraeus Bank ICB. Ukraine's economy overcame a severe economic crisis the impact of which is still visible on a political and business level. In order to shield itself from this, Piraeus Bank ICB strengthened its capital adequacy with €20 million and made increased provisions to protect its loan portfolio. Piraeus Bank ICB showed improvement in retail banking due to the introduction of loan products to individuals, a significant increase in deposits and the implementation of infrastructure to provide a complete range of retail and e-banking products.

The Bank continued to invest in infrastructure by installing up-to-date anti-money laundering systems in accordance with the European legal framework. Concerning risk management, the Bank's procedures are fully compliant with the Basel II specifications. In the small and medium-sized enterprises sector, new, modern procedures were implemented. Finally, in 2010 the following were completed: issuing of the EMV debit card, the installation of a new call centre and the installation of a system for business customer payroll management and a system for loan control.

#### 6.6.9. Piraeus Bank Cyprus Ltd

2010 is the third year of operation for Piraeus Bank Cyprus Ltd and yet the subsidiary has already shown significant results. In 2010 it placed special emphasis on the development and creation of infrastructure. It upgraded existing systems with the aim of improving productivity through the automation of procedures. It also developed alternative networks, especially in e-banking, where the continual investment in cutting-edge technologies created an important competitive advantage.

At the same time, great effort was placed on developing collaborations with the public sector and the health and education services sector. In addition, the Bank also expanded to green entrepreneurship programmes. In the field of retail banking, an increase in loan portfolio was noted while maintaining its high quality. This was supported by the installation of a modern system for collections and auxiliary applications.

Piraeus Bank Cyprus Ltd took advantage of the particular economic position of Cyprus and increased its deposits significantly in a period that was characterised by the transfer of deposits to countries with a lower systemic risk. This increase was mainly due to the international business and wealth management units, which collaborated constructively to attract new customers as well as to satisfy the needs of existing ones.

#### 6.7. *Other activities*

The Group's other activities are in the real estate sector, with the aim of exploiting investment opportunities and synergies in the real estate market.

##### 6.7.1. Picar S.A.

The company has undertaken the utilisation and operation of the Citylink Complex, covering an area of 65,000m<sup>2</sup>, located on the building block surrounded by Stadiou, Voukourestiou, Panepistimiou and Amerikis streets in the centre of Athens, until 2052. The users of Citylink include the most reliable and well-known companies in the Greek and global market, thus adding prestige to the entire complex and the company. The Citylink Complex houses Piraeus Bank's headquarters, Attica Department Store, the fully renovated "Pallas", "Aliko" and "Mikro Pallas" theatres, the reputable "Holmes Place Athens" health club spa, as well as premium dining halls (Zonar's, Clemente, Pasaji) and some of the most celebrated international designers stores. PICAR also holds equity participation in the company that manages and operates the "Attica Golden" department store in Maroussi in Attica.

##### 6.7.2. ETVA Industrial Parks S.A.

ETVA Industrial Parks SA was set up in 2003, after the Industrial Parks sector was spun-off from ETVAbank and acquired by Piraeus Group, having as its main scope of activity the establishment, management and operation of existing or new Industrial Areas. In 2005 ETVA Industrial Parks S.A. acquired VIPETVA SA Research and Development Works and became a fully owned subsidiary of ETVA Industrial Parks S.A.

Piraeus Bank holds a 65 per cent. and the Greek state a 35 per cent. stake in the company. Thus, an original, profitable and highly efficient private public partnership developed, combining entrepreneurship with the country's regional development. The company has developed and today manages a large number of industrial areas and parks throughout Greece. ETVA Industrial Parks SA operates 26 industrial areas nationwide, where it develops and manages infrastructure projects. In these parks there are currently established approximately 2,300 businesses where over 40,000 people are employed.

The company's revenues mainly come from the sale of land within the owned industrial areas owned by it, as well as management services such as water supply, sewage and biological purification. Furthermore, due to the significant experience in development project management, the company derives income from relevant services.

##### 6.7.3. Piraeus Real Estate S.A.

The company provides a full range of real estate design, development and management services. It is involved in real estate development, project management and administration, integrated real estate management on behalf of one owner-investor and property valuations, while it also offers investment consulting services to real estate investment companies and capital.

In 2010, the company managed the construction and design of projects in Greece and abroad with a total budget of €132 million, performed valuations of property with a total estimated value of €5.5 billion, provided financial and technical advisory services (one such example being the Piraeus Port Authority S.A. for the development of support structures to cater for cruise ships with an estimated investment of €240 million) and continued the management of five major commercial and recreation centres with participation from Piraeus Group companies as well as third parties.

In collaboration with other companies, the company provides advisory service contracts to the core and the wider public sector on issues concerning the use of public property and privatisations through bids submitted for tender announcements such as for the use of the former "Ellinikon" airport site (estimated investment programme amounting to €3 to 5 billion), for support to Hellenic Public Real Estate Corporation on contracts for the management, use and exploitation of public property, for the development projects of the exhibition and conference infrastructures of Thessaloniki International Trade Fair (T.I.F) SA, and for the General Strategic Development Plan of THPA SA (Thessaloniki Port Authority SA).

## **7. Risk Management**

Risk management is the focus of attention and a key concern of the Management, as it is one of the key functions of the Group. The Bank's Management, aiming for business stability and continuity, has as its top priority the constant development and implementation of an effective risk management framework, to mitigate any possible negative consequences of the Group's financial results and capital base.

The Board of Directors (BoD) is fully responsible for the development and supervision of the risk management framework. In order to ensure effective monitoring and uniform control of all forms of risk and in order to provide specialised handling and coordination, the BoD has appointed a Risk Management Committee (BRC), which is in charge of implementing and supervising the financial risk management principle and policy. The BRC convenes on a quarterly basis at least and reports to the BoD on its activities. It is noted that seven BRC meetings took place during 2010.

The Assets and Liabilities Committee (ALCO) plays an active role in the Group's market and liquidity risk management. The Committee convenes at least once a month, in order to review market developments and financial risk exposures undertaken by the Bank and its subsidiaries. During 2010, due to domestic economic circumstances, ALCO meetings took place almost once every week. In 2010 special emphasis was placed on matters of liquidity management, with the aim of securing the Bank's sufficient liquidity, given the volatile market conditions.

Piraeus Group reviews the adequacy and effectiveness of the risk management framework on an annual basis, so as to respond to market dynamics, changes in products offered and the recommended international practices. Group Risk Management is responsible for the design, specification and implementation of the risk management framework, according to guidelines set by the BoD's Risk Management Committee. Group Risk Management consists of the group Credit Risk and Capital Management Division and the Group Market and Operational Risk Management Division. It is subject to the Internal Audit Division's review in terms of the adequacy and effectiveness of the applied risk management procedures.

### *7.1. Credit Risk Management*

The Bank's business activity and profitability entail the assumption of credit risk. Credit risk is the risk of financial loss for the Group that results when debtors are unable to fulfil their contractual/transactional obligations. It is a very significant source of risk, therefore, its effective monitoring and management constitute a top priority for the Management. The Group's overall exposure to credit risk mainly originates from approved credit limits and financing of corporate and retail credit, from the Group's investment and transaction activities, from trading activities in the derivative markets, as well as from the placement in securities. The level of risk associated with any credit exposure depends on various factors, including the prevailing economic and market

conditions, the debtors' financial condition, the amount, the type, the duration of the exposure, as well as the presence of any collateral/security (guarantees).

The implementation of the Group's credit policy, which describes credit risk management principles ensures effective and uniform credit risk management. Piraeus Bank Group applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are revised and/or renewed at least once a year, while the relevant approval authorities are determined based on the size and the category of the total credit risk exposure assumed by the Group for each debtor or group of associated debtors.

## *7.2. Credit Risk Measurement and Monitoring*

Reliable credit risk measurement is of top priority within the Group's risk management framework. The continuous development of infrastructures, systems and methodologies, aimed at quantifying, monitoring and evaluating credit risk, both for business and retail portfolio, is an essential prerequisite for the timely and effective support of the Management and business units in relation to management decision making, policy control and formulation and the fulfilment of the supervisory requirements.

As far as corporate credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. Piraeus Bank Group applies the Moody's Risk Advisor (MRA) borrower credit rating system for the assessment of credit risk that arises from loans to medium- and large-sized enterprises. It should be noted that the MRA system has been used in domestic financial subsidiaries in Greece since 2005, while from 2006 its application has been expanded to include the Group's major subsidiaries abroad. Regarding small and medium-sized enterprises, internally developed (in-house) rating systems, as well as scoring systems, are applied. In accordance with the regulatory framework for credit institutions (Basel II), the Bank has developed and applies distinct credit rating models for specialised lending.

More specifically, in its efforts to constantly improve the credit risk rating systems, the Bank has optimised the existing MRA credit rating model applicable to the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover in excess of €2.5 million. Furthermore, the Bank has also applied a new model for the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover of up to €2.5 million, or no turnover at all (e.g. start-up companies).

Corporate credit borrowers are ranked according to credit rating grades, which represent different levels of credit risk and linked to different default probabilities, thus allowing for certain provisions to be made for specific exposures. Each rating level is associated with a different Group and business/borrower relations policy.

During 2010, in order to connect the assumed risk with the pricing of products and services, a project was completed for the development of a methodology adapted to the credit risk for the pricing of business loans. This methodology has been approved by the Group's Executive Committee and is at the final stages of implementation and inclusion in the approval process.

As far as retail credit is concerned, Piraeus Group places special emphasis on the adoption and implementation of up-to-date methods for credit risk monitoring and management. Retail credit risk monitoring comprises the evaluation of the credit risk scoring parameters (credit scoring), analysis of the portfolio structure, distribution of the debtor population, as well as monitoring of current and/or potential problem loans. Regarding consumer credit in the Bank, since 2002, application of scoring models has been implemented to assess the creditworthiness of prospective borrowers (application scoring), which were then applied to all private credit portfolios. At the same time, behaviour scoring models have been used to evaluate existing customers' behaviour (behaviour scoring) both at product and customer levels. All the scoring models applied are validated at least every six months.

Additionally, Piraeus Bank now also uses the credit rating model of Tiresias SA, which takes into account all adverse and credit exposures that an applicant has in the Greek market. Use of this model has greatly improved the performance of existing models (which are used in the approval procedure), while it is also used in the pricing, adjusted to credit risk.

It is worth noting that in 2010 further progress was made in the procedure of development and implementation of credit scoring models in the systems of the Group’s subsidiaries abroad. On a Group level, analyses are made concerning the degree of application of credit policy and of its effectiveness.

**Piraeus Bank Group**

	<u>December,</u> <u>2010</u>	<u>December,</u> <u>2009</u>
Loans in Arrears > 90 days (IFRS 7).....	7.6%	5.1%

For the measurement and evaluation of credit risk entailed in debt securities, ratings from external agencies are mainly applied. The way the Group’s exposure to credit risk from debt securities and other bills is calculated varies according to IFRS classification.

7.2.1. Credit Risk Stress-Testing Exercises

Stress-testing exercises constitute an integral part of the Bank’s credit risk measuring and quantifying processes, providing estimates of the size of financial losses that could occur under potential extreme financial conditions. Pursuant to the Bank of Greece’s directives (Governor’s Act 2577/09.03.06) Piraeus Bank Group conducts regular credit risk stress testing exercises, the results of which are presented to and evaluated by the Risk Management Committee.

In 2010, the Group participated in and successfully passed the pan-European stress test (2010 EU Wide Stress Testing Exercise of European Banks), which was organised by the Committee of European Banking Supervisors (CEBS) in cooperation with the European Central Bank and under the supervision of the Bank of Greece.

In 2011 also, the Group participated in and successfully passed the pan-European stress test conducted by the EBA, in co-operation with the Bank of Greece, the ECB, the European Commission and the European Systemic Risk Board.

The Core Tier 1 ratio for the Bank as per the most recent stress test results announced by EBA is mentioned in the section – “Recent Developments.”

7.3. *Credit Risk Mitigating Techniques*

Piraeus Bank Group applies credit limits in order to manage and control its credit risk exposure and concentration. Credit limits define the maximum acceptable risk undertaken per counterparty, per group of counterparties, per credit assessment rank, per product and per country. Additionally, limits are set and implemented against exposures to credit institutions. Total exposure to debtors’ credit risk, including financial institutions, is further controlled by the implementation of sub-limits, which address on- and off-balance sheet exposures. In order to better manage the credit risks undertaken, in 2010 maximum limits of credit risk per field of business activity were established at the Bank.

In order to set customer limits, the Group takes into consideration any collateral or security which reduces the level of risk assumed. The Group categorises the risk of credits into risk classes, based on the type of associated collateral/security and their liquidation potential. The maximum credit limits that may be approved per risk class are determined by the BoD. Credit limits of the Group are set with an effective duration of up to twelve months and are subject to annual or more frequent review. Monitoring of approved limits is performed on a daily basis and any violations are reported and dealt with in a timely manner.

## Collateral & Guarantees

The Group accepts collateral and/or guarantees against credits granted to customers, thus reducing the overall credit risk and ensuring timely payment of claims.

### 7.4. *Liquidity Risk Management*

Liquidity risk management is associated with Piraeus Group's ability to maintain sufficient liquidity positions in order to meet its payment obligations. In order to manage this risk, future liquidity requirements are monitored thoroughly, along with the respective loan needs, depending on the projected expiry of outstanding transactions. In general, liquidity management is a process of balancing cash flows within time bands, so that the Group may meet all its payment obligations, as they fall due.

The Group's liquidity risk management remained a top priority in 2010 as well, due to the unfavourable liquidity conditions that prevailed in the Greek economy throughout the year. To that end, functions related to the close monitoring of the Bank's liquidity position, the regular flow of information to Management as well as the constant assessment of the effectiveness of the measures taken to sustain adequate liquidity, were further enhanced.

Liquidity levels were also maintained at a satisfactory level as a result of the highly liquid profile of the Bank's fixed income portfolio, which consists mainly of Greek Government bonds, through the European Central Bank. Furthermore, a significant number of the Bank's loans meet the strict eligibility criteria as guarantee for refinancing by the European Central Bank, thus offering additional funding possibilities.

### 7.5. *Market Risk Management*

Market risk is defined as the risk of incurring losses due to adverse changes in the level or market prices and rates, such as equity prices, interest rates, commodity prices and currency exchange rates, as well as changes in their correlation.

The Group has established a market risk limit system which covers all its activities. The adequacy of the system and the limits are reviewed annually. Piraeus Bank has adopted and applies widely accepted techniques for the measurement of market risk. The Value-at-Risk/VaR measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. Piraeus Bank implements the parametric Value-at-Risk method, assuming a one-day holding period and utilising a 99 per cent. confidence level. Value-at-Risk is measured for the positions in the Trading Book as well as the Available for Sale Equity Portfolio.

The Value-at-Risk price for the Bank's total trading book on 31st December, 2010 was €4.05 million. Total VaR is broken down to: €0.86 million for interest rate risk, €2.68 million for foreign exchange risk, €3.08 million for equity risk, and €0.16 million for commodity risk. The diversification effect for the total portfolio on 31st December, 2010 amounted to €2.73 million, which reduces the overall trading book Value at Risk. During 2010 there was a decrease in the Trading Book's Value at Risk, mainly due to the reduction in positions in Greek Government Bonds in the trading portfolio. Accordingly, the Bank's total Value at Risk estimate on 31st December, 2009 was €9.22 million. This VaR estimate is analysed as follows: €6.40 million for interest rate risk, €5.44 million for stock market risk, €3.3 million for foreign exchange risk and €0.13 million for commodity risk. The diversification effect for the total portfolio on 31st December, 2009 amounted to €6.05 million, which reduces the overall trading book Value at Risk.

	<b>Group Trading Book Total VaR</b>	<b>VaR Interest Rate Risk</b>	<b>VaR Equity Risk</b>	<b>VaR Foreign Exchange Risk</b>	<b>VaR Com- modities Risk</b>	<b>Diversifi- cation effect</b>
<b>Amounts in € million</b>						
31/12/10 .....	4.05	0.86	3.08	2.68	0.16	-2.73
31/12/09 .....	9.22	6.40	5.44	3.3	0.13	-6.05

#### 7.6. Operational Risk Management

Piraeus Bank Group acknowledges its exposure to operational risk deriving from its daily operation and from the implementation of business and strategic objectives. In 2010, the Group continued with the consistent implementation of the operational risk management framework in the Bank's units and the Group's subsidiaries. The aforementioned framework covers the identification, assessment, quantification, mitigation and monitoring of the operational risk. The continuous development of the framework enhances the timely and effective support to the business operation of the Group and to the fulfilment of the regulatory requirements.

#### 7.7. Group Capital Adequacy

During 2010, Piraeus Bank Group effectively managed the consequences of the economic crisis, a fact reflected in its financial figures. A contributing factor was the Group's high quality capital structure (mostly impacted share capital and reserves), enabling it to absorb potential unforeseen losses. Thus, on 31st December, 2010, the Group's capital adequacy and Tier I ratios were 9.3 per cent. and 8.4 per cent. respectively. It should be highlighted that following the successful completion of the share capital increase of €807 million in January 2011, the respective pro forma ratios were 11.3 per cent. and 10.4 per cent. The Group also took a series of important initiatives to upgrade the quality of its technical infrastructure, aiming for a faster and more complete implementation of Basel projects. In this context, it implemented new software for calculating capital adequacy on a parent and consolidated basis. Finally, projects are already in progress for the Group's gradual migration to more advanced methods for calculating capital requirements in relation to the assumed risk.

### 8. Analysis of Loan Portfolio

Net loans accounted for 65.3 per cent. of the Group's total assets in 2010. The loan portfolio of the Piraeus Bank Group is highly diversified across various sectors with loans to individuals (mortgage and consumer credit) comprising 29.2 per cent. of total gross loans, loans to medium-sized and large enterprises and shipping accounting for 24.4 per cent., and loans to SMEs 46.4 per cent. as at 31st December, 2010.

## Distribution of Piraeus Bank Group Loans and Advances per Sector

	<b>as at 31st December, 2010</b>
Mortgage .....	17.7%
Consumer .....	11.5%
Manufacturing & Handicraft.....	12.5%
Trade .....	11.2%
Construction.....	7.8%
Real Estate .....	5.8%
Hotels.....	4.4%
Project Finance-Infrastructure .....	4.3%
Shipping .....	3.6%
Logistics & Transport .....	2.9%
Financials .....	2.1%
Public Sector .....	1.9%
Green Financing.....	1.4%
Agriculture .....	1.2%
Energy .....	0.3%
Other* .....	11.4%

\* other includes exposure to health industry, mines, fishery etc.

The great majority of loans granted by the Group are on a floating rate basis, with interest resets mostly at one- or three-month intervals. As of 31st December, 2010, the Group's net loans and advances, in currencies other than Euro, amounted to €7,101 million (18.9 per cent. of total net loans and advances to customers) compared to €6,926 million as of 31st December, 2009 (18.4 per cent. of total net loans and advances to customers).

## Net loans and Advances to Customers in Euro & Foreign Currencies

	<b>Composition as at 31st December, 2010</b>	
	<b>Amounts in EUR million</b>	<b>%</b>
Euro .....	30,537	81.1%
Other Currencies .....	7,101	18.9%
<b>Total Net Loans and Advances to Customers .....</b>	<b>37,638</b>	<b>100%</b>

With regards to asset quality, according to IFRS 7 definition, the ratio of loans in arrears above 90 days stood at 7.6 per cent. in 2010 versus 5.1 per cent. in 2009, while the respective coverage ratio stood at 48.4 per cent. The average ratio of loans in arrears above 90 days for the Greek market reached 10.4 per cent. in December 2010, while the average coverage ratio by provisions was 44.7 per cent. (source: Bank of Greece).

## Loan Quality

	<b>as at 31st December,</b>	
	<b>2010</b>	<b>2009</b>
	<b>Amounts in EUR million</b>	
Total Gross Loans .....	39,071	38,683
Loans in Arrears > 90 days .....	2,960	1,967
Total loan loss provisions .....	1,433	995
Addition to loan provisions during the year .....	582.1	449.1
Amounts written off during the year .....	144.0	157.1
Loans in Arrears > 90-day ratio .....	7.58%	5.08%
Loan loss provisions as a percentage of total loans .....	3.7%	2.6%
Loan loss provisions as a percentage of Loans in Arrears > 90 days .....	48.4%	50.6%
Write-offs as a percentage of Loans in Arrears .....	4.6%	7.4%

### 9. Analysis of Funding

As at 31st December, 2010, the Group's total obligations to customers amounted to €29.5 billion, while total customer deposits and retail bonds amounted to €30.0 billion compared to €30.8 billion as at 31st December, 2009 (a decrease of 2.5 per cent.). The Group's deposits on an annual basis were decreased by €0.76 billion, attributed to the decrease of 13 per cent in sight and savings deposits (comprising 28.7 per cent of the Group's total deposit) while there was an increase of 3 per cent. to term deposits and retail bonds.

As at 31st December, 2010, the Group's deposits, in currencies other than Euro, amounted to €6,135 million (20.8 per cent. of total obligations to customers).

#### Total Obligations to Customers in Euro and Other Currencies

	<b>Composition as at 31st December,</b>	
	<b>2010</b>	<b>2010</b>
	<b>Amounts in EUR million</b>	
Euro .....	23,340	79.2%
Other Currencies .....	6,135	20.8%
<b>Total obligations to Customers</b> .....	<b>29,475</b>	<b>100.0%</b>

<b>Obligations to Customers by Maturity as at 31st December, 2010</b>	<b>More than 3 months and up to 1 year</b>			<b>More than 1 year</b>	<b>Total</b>
	<b>Less than 3 months</b>				
	<b>Amounts in EUR million</b>				
Total obligations to customers .....	25,472	2,971	1,032	29,475	

Liabilities to credit institutions totalled €19,930 million as at 31st December, 2010 compared with €14,433 million at the end of 2009, an increase of 38.1 per cent. Interbank funding in foreign currencies represents approximately 4.0 per cent. of the total interbank deposits, whereas most

of the maturities in all currencies do not exceed one year. Currency mismatches are managed through short-term foreign exchange forward transactions.

## **10. Technology and Infrastructures**

Piraeus Bank places emphasis on optimising internal procedures in order to upgrade the quality and speed of completion of operations, while at the same time minimising operational costs. In the IT sector, emphasis is placed on installing applications that support the increase of the Group's work and the upgrade of infrastructures aiming for the safest and most effective possible operation.

### **10.1 Organisational Interventions**

In 2010 the organisational sector's basic direction was to save resources while at the same time to improve services and products offered and to reduce operational and credit risk. The main initiatives and actions were the following:

#### **10.1.1 Centralisation of Loan Request Approvals**

In order to maintain the quality of customer service, to improve the quality of approvals and to provide homogeneous integrated servicing of customers' needs, the approval and management of credit relations was centralised through the creation of nine new Business Centres and nine equivalent Management Centres.

The aim of this centralisation is the reduction of operational and credit risks - by means of increased controls and the use of improved tools – as well as the reduction in operating costs through better use of staff and further automation of procedures.

#### **10.1.2 Restructuring of Branch Network Organisational Model**

By transferring the loan approval procedures to the Business Centres, the roles of Regional Manager and branch executives were redefined. Relieved of approval procedures, they are now able to focus on developing projects and enhancing branch operation.

The organisational structure of branches was also reassessed in order to better respond to the new business environment. This change is aimed at providing personalised service to specific customer groups, such as affluent customers, small enterprises and professionals, and at supporting green entrepreneurship. Moreover, in the context of the Organisation's commitment to environmentally responsible operation, the position of Environmental Management Coordinator was created at each Bank branch in Greece.

#### **10.1.3 New Workflow APPIAN Platform**

The use of the new workflow APPIAN Platform, put into operation in 2010, is expected to facilitate users and fulfil the increased needs for automated management of business procedures due to its greater functionality and dynamics. The platform offers the opportunity of interface with the Bank's operational systems for direct access of information, thus reducing the time required to process a request or a task.

#### **10.1.4 Limiting of Printed Documents**

Taking into consideration the Bank's commitment to manage its environmental footprint and to control its operating costs, many actions and projects were undertaken aimed at limiting the number of printed documents required for the smooth operation of the Bank. Thus, adjustments were made to the systems, and the printed material was reshaped and this resulted in a significant reduction in the volume of printed material. At the same time, a return correspondence

management project was implemented resulting in the reduction of this correspondence by approximately 40 per cent.

## 10.2 IT Development and Improvement

Aiming at an even higher quality of customer service, during 2010 various systems and infrastructures were created among which a new series of deposit/investment products, a system to support the new business activity of gold sovereign, the extension of the new Loan Origination for private individuals, significant changes, improvements and extensions to the business loan origination systems etc.

Moreover, various risk management systems were designed in order to better manage assumed risks, while special emphasis is placed on the extension of the Bank's Data Warehouse as well as of its Customer Relationship Management (CRM) System in order to improve the flexibility of the information flow and to better monitor relations with customers.

## 10.3 Operations and Technological Infrastructure

The Bank emphasises security, uptime improvement and the adoption of technologies that allow for resource-saving. In 2010, in the field of telecommunications, a new type of connection between the branches and the central computer systems was implemented, while a series of projects and systems were completed aimed at providing maximum possible shielding of the Bank's IT infrastructure. The basic IT procedures were reassessed and updated to further increase security of Bank systems, while a centralised operation of systems was completed, such as ATMs, e-banking, Anti-Money Laundering, Fraud Detection, etc. In its effort to harmonise the operational methods of branch network abroad to the acceptable Group models, studies on procedural and system expansion to the subsidiary banks abroad were completed and a series of new systems and improvements on existing infrastructures were made (to Tirana Bank, Piraeus Bank Bulgaria, Piraeus Bank Serbia, Piraeus Bank Romania, Piraeus Bank Cyprus, Piraeus Bank Egypt, Piraeus Bank ICB Ukraine). Piraeus Group applies virtualisation – the most updated Data Centre infrastructure. Finally, the economic developments and their effect on the Bank's financial data have increased the Management's need for timely and accurate information. Based on this need, the Management Information System is being further developed.

## 10.4 Funds Transfer

In 2010, automated funds transfer rose further, reaching 78 per cent., while the volume of activities increased by 17 per cent. and commissions by 7 per cent., despite the adverse economic conditions. The high quality of funds transfer services is continuously being recognised by international financial institutions as well, the most notable of which was the Deutsche Bank quality award for the Bank's excellence in execution of transactions in euros and dollars for the seventh consecutive year.

Further to customer satisfaction and distinctions, the automation of activities also has a significant effect on reducing the Bank's operational costs and on improving its environmental performance. The effort to minimise consumables continued unceasingly this year as well and despite last year's impressive 53 per cent. decrease, this year a further 28 per cent. reduction was achieved. The use of e-banking for payments was strengthened by 29 per cent. and the "green barometer", which is the penetration index for e-banking transactions, reached 60 per cent. compared to 55 per cent. in 2009.

## 10.7 Custody Services

2010 was another productive year in the field of custody for Piraeus Bank. Its customer base remained intact with a total managed portfolio of €8.7 billion, representing an increase of 6 per cent. compared to the previous year, a particularly important fact considering the economic crisis

and the intense competition. In its constant effort to optimise its activities and the provision of a high level of services, emphasis was placed on upgrading the systems, optimising procedures and reducing operational costs. Moreover, the digitisation of the contract records of institutional customers and of derivatives was completed. During 2010, this sector assumed the custody of Piraeus Wealth Management AEPEY, which was formed from the strategic agreement of Piraeus Bank with BNP Paribas Wealth Management. In March 2010 transition of customers of the two Banks and the transfer of their portfolios to a local level and to international markets was successfully completed. Furthermore, collaboration with BNP Paribas France expanded and a global custody agreement for emerging markets was signed.

## **11. Human Resources**

At the end of 2010, Piraeus Bank Group employed 13,320 people compared to 13,417 in 2009, while Piraeus Bank in Greece employed 4,853 people in 2010 versus 5,049 in 2009. In total, at the end of 2010, the Group employed 6,370 people in Greece and 6,950 abroad compared to 6,660 and 6,757, respectively, a year earlier.

Among the total Group employees, 55 per cent. are female and 45 per cent. male. The average age of the Group's employees is 36 years. The age distribution of employees is a major advantage for the Group. The age composition favours the introduction and implementation of changes in technology, methods and targets, as 82 per cent. of people are up to 45 years old. At the same time, its highly-trained employees provided invaluable support in offering efficient customer guidance and services in the financially critical year that elapsed.

As can be seen by the high rate of graduate and post-graduate degree holders (65 per cent.), the Group has managed to have in its employment high-quality and educated employees who contribute substantially to the achievement of its business goals. The equivalent percentage of such employees in the international subsidiaries is 71 per cent.

In 2010, as in 2009, emphasis was placed on utilising the existing human resources to meet new business needs. Specifically, only 4 per cent. of vacancies were filled through external recruitment at Piraeus Bank, while 96 per cent. were covered through internal reallocations (internal transfers and transfers among Group companies). At Group level, staffing needs were met via external recruitment at 20.5 per cent., and internal reallocations and promotions at 79.5 per cent. Having actively and consistently used internal hiring in recent years:

- vacancies are communicated openly and transparently, and are filled by existing people in the Group as a priority, thus ensuring the development of employees who have the competencies to assume management roles in the medium term;
- development and career incentives are offered to all employees based on career planning;
- Assessment & Development Centres are applied for middle and higher management roles.

## 12. Subsidiaries and Associates

Piraeus Bank Group subsidiaries that were fully consolidated as at 31st December, 2010 are illustrated in the table below:

<b>Subsidiary companies</b>	<b>Direct and Indirect participation</b>
Marathon Banking Corporation .....	96.24%
Tirana Bank I.B.C. S.A. ....	96.71%
Piraeus Bank Romania S.A. ....	100.00%
Piraeus Bank Beograd A.D. ....	100.00%
Piraeus Bank Bulgaria A.D. ....	99.98%
Piraeus Bank Egypt S.A.E. ....	98.03%
JSC Piraeus Bank ICB (former OJSC Piraeus Bank ICB) .....	99.98%
Piraeus Bank Cyprus LTD .....	100.00%
Piraeus Asset Management Europe S.A. ....	100.00%
Piraeus Leasing Romania S.R.L. ....	100.00%
Piraeus Insurance and Reinsurance Brokerage S.A. ....	100.00%
Tirana Leasing S.A. ....	100.00%
Piraeus Securities S.A. ....	100.00%
Piraeus Group Capital LTD .....	100.00%
Piraeus Leasing Bulgaria EAD .....	100.00%
Piraeus Auto Leasing Bulgaria EAD .....	100.00%
Piraeus Group Finance P.L.C. ....	100.00%
Piraeus Factoring S.A. ....	100.00%
Piraeus Multifin S.A. ....	100.00%
Picar S.A. ....	100.00%
Bulfina S.A. ....	100.00%
General Construction and Development Co. S.A. ....	66.67%
Piraeus Direct Services S.A. ....	100.00%
Komotini Real Estate Development S.A. ....	100.00%
Piraeus Real Estate S.A. ....	100.00%
ND Development S.A. ....	100.00%
Property Horizon S.A. ....	100.00%
ETVA Industrial Parks S.A. ....	65.00%
Piraeus Development S.A. ....	100.00%
Piraeus Asset Management S.A. ....	100.00%
Piraeus Buildings S.A. ....	100.00%
Estia Mortgage Finance PLC .....	-
Euroinvestment & Finance Public LTD .....	90.86%
Lakkos Mikelli Real Estate LTD .....	50.66%
Philoktimatiki Public LTD .....	53.29%
Philoktimatiki Ergoliptiki LTD .....	53.29%
New Evolution S.A. ....	100.00%
Imperial Stockbrokers Limited .....	100.00%
Imperial Eurobrokers Limited .....	100.00%
EMF Investors Limited .....	100.00%
Euroinvestment Mutual Funds Limited .....	100.00%
Bull Fund Limited .....	100.00%
Good Works Energy Photovoltaics S.A. ....	33.15%
Piraeus Green Investments S.A. ....	100.00%
New Up Dating Development Real Estate and Tourism S.A. ....	100.00%
Sunholdings Properties Company LTD .....	26.65%
Piraeus Cards S.A. ....	100.00%

<b>Subsidiary companies</b>	<b>Direct and Indirect participation</b>
Polytropon Properties Limited .....	39.97%
Shinefocus Limited .....	53.29%
Capital Investments & Finance S.A.....	100.00%
Maples Invest & Holding S.A. ....	100.00%
Margetson Invest & Finance S.A. ....	100.00%
Vitria Investments S.A. ....	100.00%
Piraeus Insurance Brokerage EOOD .....	99.98%
Trieris Real Estate Management LTD .....	100.00%
Piraeus - Egypt Asset Management Co. (former Phoenix Kato Asset Management Co.) .....	88.35%
Piraeus Egypt Leasing Co. ....	98.03%
Piraeus Egypt for Securities Brokerage Co.....	98.02%
Piraeus Insurance Reinsurance Broker Romania S.R.L. ....	100.00%
Piraeus Real Estate Consultants S.R.L. ....	100.00%
Piraeus Leases S.A. ....	100.00%
Iapetos Energy Photovoltaics S.A. ....	33.16%
Phoebe Energy Photovoltaics S.A. ....	33.16%
Orion Energy Photovoltaics S.A. ....	33.16%
Astraios Energy Photovoltaics S.A. ....	33.16%
Multicollection S.A. ....	51.00%
Multicollection Romania S.R.L. ....	51.00%
Olympic Commercial & Tourist Enterprises S.A. ....	94.00%
Piraeus Rent Doo Beograd .....	100.00%
Estia Mortgage Finance II PLC .....	-
Piraeus Leasing Doo Beograd .....	100.00%
Piraeus Real Estate Consultants Doo .....	100.00%
Piraeus Real Estate Bulgaria EOOD .....	100.00%
Piraeus Real Estate Egypt LLC .....	99.80%
Piraeus Bank Egypt Investment Company .....	97.93%
Piraeus Best Leasing Bulgaria EAD .....	99.98%
Piraeus Insurance Agency S.A. ....	100.00%
Piraeus Capital Management S.A. ....	100.00%
Estia Mortgage Finance III PLC .....	-
Piraeus Insurance Brokerage Egypt.....	96.01%
Integrated Services Systems Co.....	96.99%
Axia Finance PLC .....	-
Piraeus Wealth Management A.E.PE.Y. ....	65.00%
Axia Finance II PLC .....	-
Praxis Finance PLC.....	-
Axia Finance III PLC .....	-
Praxis II Finance PLC .....	-
Gaia Lease PLC .....	-
Axia III APC LIMITED .....	-
Praxis II APC LIMITED .....	-
PROSPECT N.E.P.A. ....	100.00%
R.E Anodus LTD .....	100.00%
Erechtheas Investments & Holdings S.A. ....	100.00%
Solum Ltd Liability Co. ....	100.00%
Piraeus (Cyprus) Insurance Brokerage Ltd.....	100.00%
O.F. Investments Ltd .....	100.00%
DI.VI.PA.KA S.A. ....	60.41%

<b>Subsidiary companies</b>	<b>Direct and Indirect participation</b>
Piraeus Equity Partners Ltd.....	100.00%
Piraeus Equity Advisors Ltd. ....	100.00%
Tortilus Ltd.....	100.00%
Achaia Clauss Estate S.A. ....	74.36%
Piraeus Equity Investment Management Ltd .....	100.00%
Piraeus FI Holding Ltd .....	100.00%
Piraeus Master GP Holding Ltd .....	100.00%
Piraeus Clean Energy GP Ltd.....	100.00%
Piraeus Wealth Management (Switzerland) S.A. ....	42.25%
Curdart Holding Ltd .....	100.00%

Estia Mortgage Finance PLC, Estia Mortgage Finance II PLC, Estia Mortgage Finance III PLC, Axia Finance PLC, Axia Finance II PLC, Praxis Finance PLC, Axia Finance III PLC, Praxis II Finance PLC, Gaia Lease PLC, Axia III APC LIMITED and Praxis II APC LIMITED are special purpose vehicles for securitisation of loans and issuance of debt securities. Good Works Energy Photovoltaics S.A., Sunholdings Properties Company LTD, Polytropon Properties Limited, Iapetos Energy Photovoltaics S.A., Phoebe Energy Photovoltaics S.A., Orion Energy Photovoltaics S.A., Astraios Energy Photovoltaics S.A. and Piraeus Wealth Management (Switzerland) S.A., which are shown with holding percentages of less than 50 per cent., are subsidiaries due to existence of control.

Axia Finance II PLC is under liquidation because the second securitisation of corporate loans was called back in October 2010. Also, as at 31st December, 2010, Piraeus Buildings S.A., Multicollection S.A. and Piraeus Real Estate Consultants Doo were under liquidation.

As at 31st December, 2010, the Piraeus Bank Group associate companies, which are consolidated using the equity method, are presented in the following table:

<b>Associate company</b>	<b>Business activity</b>	<b>Direct and Indirect participation</b>	<b>Total Equity as at 31st December, 2010 (amounts in thousand €)</b>	<b>Profit Before Tax for the year ended 31st December, 2010 (amounts in thousand €)</b>
Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	180	(7)
"Evros" Development Company S.A.	European community programs management	30.00%	148	23
Project On Line S.A.	Information technology & software	40.00%	(474)	(79)
Alexandria for Development and Investment	Investment company	21.57%	4,610	229
Nile Shoes Company	Footwear seller manufacturer	38.56%	1,241	50
APE Commercial Property Real Estate Tourist and Development S.A.	Real estate, development/tourist services	27.80%	4,689	(2,051)
APE Fixed Assets Real Estate Tourist and Development S.A	Real estate, development/ tourist services	27.80%	(827)	(1,690)
Trieris Real Estate Ltd	Property management	22.80%	32,660	(844)
European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	*	*
APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	9,411	(4,647)
Sciens International Investments & Holding S.A.	Holding company	28.10%	*	*
Ekathariseis Aktopoiias S.A. <sup>(1)</sup>	Ticket settlements	49.00%	37	(13)
Trastor Real Estate Investment Company	Real estate investment property	33.80%	101,672	(4,226)
Euroterra S.A.	Property management	29.22%	107,671	10,864
Rebikat S.A.	Property management	30.00%	21,741	(27)
Abies S.A.	Property management	30.00%	2,321	(53)
Atlantic Insurance Company Public Ltd	General insurances	21.70%	*	*
Act Services S.A. (former Piraeus ATFS S.A.)	Accounting and tax consulting	49.00%	472	99
Exodus S.A. <sup>(2)</sup>	Information technology & software	50.10%	3,553	3

(1) Ekathariseis Aktopoiias S.A. was under liquidation as at 31st December, 2010.

(2) Exodus S.A. is included in the associate companies' portfolio, as Piraeus Bank S.A. owns 40.10 per cent. of the voting rights.

(\*) At the date of approval of the Bank's consolidated financial statements, the listed associate companies European Reliance Gen. Insurance Co. S.A., Sciens International Investments & Holding S.A. and Atlantic Insurance Company Public Ltd., have not published their annual financial statements for the year 2010. As a result, the disclosure of their financial data and results is not considered necessary. According to stock market prices of 31st December, 2010, the fair value of the Bank's shareholding in associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A.: €5.2 million, Sciens International Investments & Holding S.A.: €28.3 million and Trastor Real Estate Investment Company (formerly Piraeus Real Estate Investment Property S.A.): €15.4 million.

### 13. Profit and Loss Account

Set out below is the summary consolidated profit and loss account of the Piraeus Bank Group for the years ending 31st December, 2010 and 2009 respectively. Pre-provision profit excluding trading results amounted to €611 million, increased by 1.8 per cent., compared to €600 million in 2009. Pre-provision profit amounted to €611 million in 2010 compared to €778 million in 2009, decreased by 21.4 per cent.

Provisions amounted to €601 million increased by 22.3 per cent compared to €491 million in 2009, corresponding to 155 bps on average loans (versus 126 bps in 2009), as a consequence of the deteriorating economic environment both in Greece and in South Eastern Europe.

Hence, 2010 pre tax profit was €11 million, while net profit attributable to shareholders amounted to €4 million. Adjusting for the €24.3 million one-off tax imposed on all large Greek enterprises for a second consecutive year, net profit attributable to shareholders was -€20 million.

The key highlights of the 2010 annual results for the Piraeus Bank Group were the following:

- Net interest income (NII) amounted to €1,207 million increased by 9.2 per cent. compared to €1,105 million in 2009. The systematic improvement of the asset side elements' yield both in Greece and internationally overcompensated the high deposit cost. This performance is the best performance in net interest income for the Group historically;
- Net interest income on average interest earning assets (NIM) increased to 2.7 per cent. in 2010 compared to 2.6 per cent. in 2009;
- Operating costs amounted to €884 million in 2010, decreased by 1.1 per cent compared to €893 million in 2009. In Greece operating expenses decreased for a second consecutive year by 3.9 per cent in 2010;
- Net Loans amounted to €37.6 billion, remaining flat year on year;
- Deposits (including retail bonds) amounted to €30.0 billion at the end of December 2010, decreased by 2.5 per cent. year on year. The outflow trend of domestic deposits was gradually decelerated after the second semester of 2010; and
- 'Loans to Deposit' ratio, adjusted for self-funded loans, stood at 107 per cent. and remained stable on a annual basis. International subsidiaries' funding from parent Piraeus Bank was decreased by €0.6 billion in 2010, mainly due to the increase by 15.9 per cent. in international deposits.

## Summary Consolidated Profit and Loss Account

	2010	2009
	Amounts in EUR million	
Interest income .....	2,662.1	2,789.2
Less: Interest expense .....	1,455.2	1,684.3
<b>Net Interest Income</b> .....	<b>1,206.9</b>	<b>1,104.9</b>
Plus: Net Commission income.....	199.0	206.0
Plus: Dividend income .....	7.5	13.3
Plus: Net trading income .....	13.1	173.9
Plus: Gains less losses from investment securities .....	(13.0)	3.5
Plus: Other operating income .....	85.5	160.9
<b>Total Net Revenues</b> .....	<b>1,499.1</b>	<b>1,662.6</b>
Less: Staff expenses .....	411.0	426.2
Less: Administrative expenses.....	376.9	377.2
Less: (Profit)/Loss on sale of property and equipment .....	1.2	(2.7)
Depreciation and amortisation .....	94.9	92.8
<b>Total operating expenses before provisions</b> .....	<b>884.0</b>	<b>893.5</b>
<b>Profit before provisions and income tax</b> .....	<b>615.1</b>	<b>769.1</b>
Less: Impairment losses on loans and receivables .....	596.9	488.1
Less: Other provisions .....	3.8	3.1
Plus: Share of profit of associates .....	(3.6)	8.6
<b>Profit before Income Tax</b> .....	<b>10.7</b>	<b>286.6</b>
Less: Tax for the year .....	7.3	46.8
Less: Tax contribution.....	24.6	34.2
Income Tax .....	(31.9)	(81.0)
Profit/(Loss) After Tax .....	(21.2)	205.6
Profit/(Losses) for the year attributable to equity holders of the parent entity .....	(20.5)	201.7
Non Controlling interest .....	(0.7)	3.9
<b>Earnings/(Losses) per share attributable to equity holders of the parent entity</b>		
<b>– Basic and Diluted</b> .....	<b>(0.1475)</b>	<b>0.5551</b>
<b>Net Profit attributable to equity holders without tax contribution</b> ....	<b>3.8</b>	<b>235.5</b>

Net revenues in 2010 amounted to €1,499 million compared to €1,663 million in 2009, a decrease of 9.8 per cent. Net interest income and net commercial banking commissions constitute 93.8 per cent. of the Group's total net revenues.

Total cost (personnel costs, administrative expenses, profit/loss on sale of property and equipment, depreciation and amortisation) amounted to €884 million compared to €893 million in 2009. In 2010, the number of branches stood at 882 (360 in Greece and 522 internationally) compared to 872 in 2009 (one branch opened in Greece and nine branches closed abroad).

The cost to income ratio stood at 59.0 per cent. in 2010, compared to 53.7 per cent. in 2009.

As at 31st December, 2010, return on equity reached 0.1 per cent compared to 7.9 per cent. in 2009.

## 14. Balance Sheet

As at 31st December, 2010 the Group's assets reached €57.7 billion, an increase of 6.3 per cent. compared to €54.3 billion a year ago. The share of net loans in total assets amounted to 65.3 per cent. (69.4 per cent. in 2009).

As at 31st December, 2010, customer deposits (including retail bonds issued) constituted 52.0 per cent. of total liabilities & equity (56.7 per cent. in 2009).

### Summary Consolidated Balance Sheet

	as at	
	31st December, 2010	2009
	Amounts in EUR million	
<b>ASSETS</b>		
Cash and balances with central banks .....	2,993	2,978
Loans and advances to credit institutions .....	1,477	992
Derivative financial instruments — assets .....	144	171
Other financial instruments at fair value through P&L .....	690	1,556
Reverse repos with customers .....	955	—
Loans and advances to customers .....	39,071	38,683
Minus provisions for loan impairment .....	1,433	995
Net loans and advances to customers .....	37,638	37,688
Investment securities .....	7,108	5,702
Debt securities – receivable .....	2,512	1,183
Investments in associates .....	212	184
Intangible assets .....	384	339
Property, plant and equipment .....	967	987
Investment property .....	927	820
Held for sale .....	23	102
Deferred tax assets .....	417	283
Other assets .....	1,232	1,294
<b>Total Assets</b> .....	<b>57,680</b>	<b>54,280</b>
<b>LIABILITIES</b>		
Due to credit institutions .....	19,930	14,433
Liabilities at fair value through profit or loss .....	309	—
Derivative financial instruments — liabilities .....	201	162
Due to customers .....	29,475	30,064
Debt securities in issue .....	2,660	4,206
Other borrowed funds .....	510	511
Deferred tax liabilities .....	161	140
Retirement benefit obligations .....	209	202
Other liabilities .....	951	947
<b>Total Liabilities</b> .....	<b>54,407</b>	<b>50,666</b>
<b>Capital and reserves attributable to equity holders of the parent entity</b>	<b>3,133</b>	<b>3,466</b>
Non controlling interest .....	141	148
<b>Total Equity</b> .....	<b>3,274</b>	<b>3,614</b>
<b>Total Liabilities and Equity</b> .....	<b>57,680</b>	<b>54,280</b>

## 15. Summary Consolidated Cash Flow Statement

Amounts in EUR millions as at 31st December	2010	2009
<i>Cash flows from operating activities</i>		
Profit before tax	10.7	286.6
<b>Adjustments to profit before tax</b>		
Add: impairment for loans and advances and other provisions	600.7	491.2
Add: depreciation and amortisation	94.9	92.8
Add: retirement benefits	31.5	28.6
(Gains)/losses from valuation of trading securities and financial instruments at fair value through profit or loss	21.2	(34.9)
(Gains)/losses from investing activities	(5.0)	(90.9)
<i>Cash flows from operating profits before changes in operating assets and liabilities</i>	<b>754.0</b>	<b>773.4</b>
<i>Changes in operating assets and liabilities:</i>		
Net (increase)/decrease in cash and balances with Central Bank	159.5	192.7
Net (increase)/decrease in treasury bills and other eligible bills	–	150.5
Net (increase)/decrease in trading securities and financial instruments at fair value through profit or loss	(53.4)	(103.6)
Net (increase)/decrease in debt securities – receivables	(332.5)	(655.3)
Net (increase)/decrease in loans and advances to credit institutions	(7.6)	321.9
Net (increase)/decrease in loans and advances to customers	(537.2)	175.3
Net (increase)/ decrease in reverse repos with customers	(955.4)	–
Net (increase)/decrease in other assets	(46.0)	(108.0)
Net increase/(decrease) in amounts due to credit institutions	5,497.4	311.0
Net increase/(decrease) in liabilities at fair value through profit or loss	308.9	–
Net increase/(decrease) in amounts due to customers	(588.8)	1,682.8
Net increase/(decrease) in other liabilities	(71.9)	(281.8)
<i>Net cash from operating activities before income tax payment</i>	4,126.9	2,459.0
Income tax paid	(29.2)	(20.3)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>4,097.7</b>	<b>2,438.7</b>
<i>Cash flows from investing activities</i>		
Purchases of property, plant and equipment	(194.7)	(261.0)
Sales of property, plant and equipment	65.8	48.3
Purchases of intangible assets	(27.5)	(23.6)
Purchases of held for sale assets	(11.6)	(76.4)
Sales of held for sale assets	28.6	0.1
Purchases of investment securities	(3,055.3)	(1,687.7)
Disposals/maturity of investment securities	1,344.4	191.2
Acquisition of subsidiaries (net of cash & cash equivalents acquired)	(38.7)	(6.5)
Disposals of subsidiaries (net of cash & cash equivalents disposed)	12.3	0.0
Acquisition of associates and participation in share capital increases	(15.1)	(19.5)
Disposal of associates	0.0	73.6
Dividends received	7.5	12.6
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(1,884.3)</b>	<b>(1,748.9)</b>
<i>Cash flows from financing activities</i>		
Net proceeds from issue/(repayment) of debt securities and other borrowed funds	(1,547.5)	(2,738.1)
Net proceeds from issue of share capital due to reinvestment of dividends	–	32.1
Net proceeds from issue of preference shares – Greek State	–	365.9
Payment/reinvestment of prior years dividends	(24.2)	(38.2)
Purchases of treasury shares	(8.8)	(4.2)
Sales of treasury shares	0.1	100.7
Other cash flows from financing activities	37.3	20.5
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(1,543.0)</b>	<b>(2,261.4)</b>
Foreign exchange differences on cash and cash equivalents	(24.4)	(48.6)
<b>Net increase/(decrease) in cash and cash equivalents of the year</b>	<b>645.9</b>	<b>(1,620.2)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,389.0</b>	<b>5,009.3</b>
<b>Cash and cash equivalents at end of year</b>	<b>4,034.9</b>	<b>3,389.0</b>

## **16. Capital Adequacy**

Following the Bank's capital increase by €807 million, which was completed in January 2011, the Group's total equity stood at €4.0 billion (pro-forma). Regulatory capital amounted to €4.3 billion, with pro-forma for the rights issue capital adequacy ratio to stand at 11.3 per cent., Tier I at 10.4 per cent. and Equity Tier I (excluding hybrid and preferences shares) at 9.1 per cent.

## **17. Participation of the Hellenic Republic's representative in the meetings of the Board of Directors of the Bank, pursuant to articles 1 and 2 of L.3723/2008, which may affect the Bank's decisions on certain matters provided in the aforementioned liquidity support scheme, after the Bank's voluntary submission to particular measures stipulated therein.**

On 9th December, 2008 L.3723/2008 was enacted, by virtue of which the Hellenic Republic established a voluntary scheme for the capitalisation and liquidity support of credit institutions licensed by the Bank of Greece (the "Support Scheme"). The Bank has voluntarily accepted part of the Support Scheme. According to the Support Scheme, so long as a credit institution remains within the ambit of articles 1 and 2 of L.3723/2008, the Hellenic Republic is entitled to appoint a representative that may be elected as an additional Board member of such credit institution. (the "Representative"). The Representative has veto power on decisions of a strategic nature or decisions which may alter significantly the legal and financial standing of the credit institution, for the approval of which, a shareholders' resolution is required, or decisions related to the distribution of dividends and the remuneration policy of the Chairman, the Managing Director the rest of the Board members, as well as of the general managers and its deputies, pursuant to a specific Decision of the Minister of Finance or, if according to his own judgement, such decisions may endanger the interests of the depositors or materially affect the solvency ratio and the proper operations of the credit institution. The Representative may also be present at the General Meeting of the Shareholders with the right to exercise the same veto powers upon discussion and resolution on the aforementioned specific matters.

## **18. Recent Developments (after the announcement of the full year 2010 results)**

### **April 2011**

- On 29th April, 2011, PPF Group N.V., pursuant to the approval it received from the Bank of Greece, announced that the Group has increased its equity stake to 5.72% in Piraeus Bank S.A.

### **May 2011**

- On 9th May, 2011, Standard & Poor's Ratings Services downgraded its long- and short-term sovereign credit ratings on Greece to 'B' and 'C', from 'BB-' and 'B', respectively. Both the long- and short-term ratings remain on CreditWatch, with negative implications. Consequently, on 11th May, 2011 S&P's downgraded Piraeus Bank's long-term rating to B from B+ and its short-term rating to C from B, maintaining the outlook as CreditWatch Negative.
- On 10th May, 2011, Moody's Investors Service placed on review for possible downgrade all the ratings of Piraeus Bank, following Moody's decision on 9th May, 2011 to place Greece's B1 local and foreign-currency government bond ratings on review for possible downgrade.
- On 20th May, 2011, the Ordinary General Meeting of shareholders approved the proposal of the Board of Directors regarding the increase of the nominal value of each common share from €0.30 to €1.20 with a reduction of the number of common shares of the Bank from 1,143,326,564 to 285,831,641 (reverse split). Pursuant to the above resolution, the Bank's total share capital amounts to €712,997,968.38 divided into 285,831,641 ordinary registered

voting shares having a nominal value of €1.20 each and 77,568,134 preferred non-voting shares having a nominal value of €4.77 each.

- Additionally, the General Meeting of the Shareholders took notice of the election of Msrs. Jiří Šmejc and Konstantin Yanakov as non executive members of the Board of Directors in replacement of members resigned in the past.
- On 20th May, 2011 Fitch Ratings downgraded Greece's long-term foreign and local currency Issuer Default Ratings (IDR) to 'B+' from 'BB+' and the Short-term IDR remains at 'B'. All three ratings have been placed on Rating Watch Negative (RWN). Following the downgrade of Greece's sovereign rating, Fitch downgraded the ratings of Greek Banks on 23rd May. Piraeus Bank's long-term issuer default rating was downgraded to B+ from BB+, placed on Rating Watch Negative.

### **June 2011**

- On 3rd June, 2011, Moody's Investors Service downgraded the deposit and senior debt ratings of eight Greek banks, following Moody's downgrade of Greece's sovereign rating to Caa1 from B1 on 1st June, 2011. Consequently, Piraeus Bank's long-term deposit and senior unsecured debt ratings were downgraded to B3 from Ba3. All of the Bank's deposit and debt ratings carry a negative outlook, in line with the negative outlook on the sovereign debt ratings.
- On 13th June, 2011, Standard & Poor's Ratings Services downgraded Greece's long-term sovereign credit rating to 'CCC' from 'B', and changed the outlook to Negative from Credit Watch Negative. Consequently, on 15th June, 2011 S&P's downgraded Piraeus Bank's long-term rating to CCC from B, also with a Negative outlook (from CreditWatch Negative).

### **July 2011**

- On 14th July, 2011, Fitch Ratings downgraded the ratings of Greek banks, following Fitch Ratings' decision on 13th June, 2011 to downgrade Greece's sovereign rating to CCC from B+. Consequently, Piraeus Bank's long-term rating was downgraded to B- from B+ and it maintained its Rating Watch Negative.
- On 15th July, 2011, Piraeus Bank announced that it had received an indication of interest from Standard Chartered PLC in respect of the potential acquisition of Piraeus Bank Egypt.
- On 15th July, 2011, EBA announced stress test results. For Piraeus Bank, under adverse scenario the Core Tier I ratio at the end of 2012 stands at:
  - 5.3 per cent. taking into account measures up to 30th April, 2011; and
  - 6.3 per cent. including additional capital enhancing measures to improve capital adequacy.

The minimum threshold required to pass the stress test is 5 per cent.

- On 25th July 2011, Moody's Investors Service downgraded Greece's local and foreign currency bond ratings to Ca from Caa1 and assigned a Developing outlook.

Each of Standard & Poor's Credit Market Services Europe Limited Sucursal en España, Moody's Investors Service Cyprus Ltd. and Fitch Ratings Ltd. is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

## THE BANKING SECTOR IN GREECE

### Structure of the Market

The banking sector in Greece has expanded rapidly in the past decade, due to deregulation, Greece's entry into the Eurozone and technological advances.

However, as a result of the international financial crisis since the end of 2008, and especially since the last quarter of 2009, with the emergence of the fiscal crisis in Greece, the Greek banking system has had to deal with particularly challenging conditions. The deteriorating fiscal condition of the country led the international credit rating agencies to downgrade the credit rating of the Hellenic Republic, which has adversely affected the credit ratings of the Greek banks. The liquidity of the Greek banks has been materially and adversely affected by the successive downgrades of the credit rating of the Hellenic Republic, as well as the outflows of customer deposits as a result of the uncertainty in the market conditions. The primary source of liquidity for Greek banks during this period has been the ECB through their collateral-based financing operations. The adverse effects of these rating downgrades led the Greek banks to use the resources available to them through the measures supporting liquidity of the banking system pursuant to Law 3723/2008 and the expansion of the measures relating to government guarantees.

2010 was a year of decline of the Greek banks' efficiency, by a considerable increase in loan provisions due to the deterioration of the asset quality ratios. To offset these trends, the Greek banks focused on repricing their asset side, further containing their operating cost, reorganising operations and further strengthening their capital adequacy towards the end of the year.

Owing to successful capital increases in 2010, the average Tier 1 CAR (capital adequacy ratio) of the banking system remains at 12.2 per cent., although asset quality continued to deteriorate amid a weak economic environment. Non-performing loans increased to 10.4 per cent. in 2010 and the loan-loss coverage ratios stood at 44.7 per cent. as of December 2010. The corresponding increase in provisioning, coupled with trading losses, resulted in a loss for the banking system in 2010.

In 2011, the situation for the financial sector is still challenging, since Greek banks are still shut off from international capital markets, the level of deposits keeps contracting, while their liquidity has been further affected by shrinking collateral pools because of rating downgrades.

Today, all of the banks in the Greek banking markets are commercial banks. There is only one specialised credit institution, the Consignment Deposits and Loans Fund.

### Commercial Banks

At year end 2010, there were eighteen Greek commercial banks. The largest are the National Bank of Greece, Alpha Bank, EFG Eurobank Ergasias, Piraeus Bank, Emporiki Bank (acquired by Crédit Agricole in 2006) and Agricultural Bank. More specialised credit institutions, like the Agricultural Bank and PostBank, have been transformed into commercial banks (listed on ATHEX) following increased liberalisation of the Greek market. Traditionally, commercial banks are the dominant group among all categories of deposit and credit institutions operating in the Greek financial market.

## Market Share of the Six Principal Banks in Greece at 31st December, 2010

	<u>Lending</u>	<u>Deposits</u>
	(per cent.)	
National Bank of Greece .....	17.6	22.6
EFG Eurobank.....	15.1	14.8
Alpha Bank .....	14.1	13.8
Piraeus Bank.....	11.1	10.9
Agricultural Bank.....	8.1	8.7
Emporiki Bank .....	8.2	5.2
Other banks .....	25.8	24.0

Source: Published parent level financial statements, Bank of Greece as of 31.12.10

### Foreign Banks

At the end of December, 2010, according to Bank of Greece there were approximately 23 foreign banks or branches of foreign banks operating in the Greek banking market. Principal participants included Citibank, HSBC and Bank of Cyprus. Overall, foreign banks have made limited inroads into the Greek retail market.

### Specialised Credit Institutions

There is only one specialised credit institution, i.e. the Deposits and Loans Fund (which is under the Ministry of Finance). However, the role of specialised credit institutions has been decreasing significantly in the last few years. However, according to Law 3965/2011, the commercial activities of the Deposits and Loans Fund will be separated and spun to a separate subsidiary. In addition, there are sixteen cooperative banks in Greece, however with limited market share.

### Economic Environment

Upon its entry into the Eurozone in early 2001, Greece experienced an improved, stability-orientated economic environment as compared with the period from the early 1980s until the mid-1990s. From 2001 to 2008, real GDP rose by an average of 3.8 per cent. per year, underpinned by increases in public expenditures, prices, wages, availability of credit, household spending for consumption, housing investment and business investment.

Notwithstanding the growth in real GDP, Greece continued to maintain large and growing fiscal and external imbalances throughout the period 2001 to 2009, with declining competitiveness due to increasing rates of inflation, deficits, debt and unemployment. The high fiscal deficit and public debt, the loss of credibility from inconsistent financial statistics, and delays of necessary reforms prompted major international credit rating agencies in late 2009 to downgrade the Hellenic Republic's credit rating. As a result, the international capital markets withdrew access to liquidity and the financial system and economy of Greece entered into a period of significant liquidity shortages. Fears of upward revisions to previous years' data and sovereign default in global financial markets led the yield of the 10-year Greek Government bonds to reach pre-EMU levels, peaking in early May 2010 at 973 basis points over the reference German Bund, leading the country eventually to participate in the €110 billion IMF/EU/ECB Economic Adjustment Programme.

The economic adjustment programme resulted in an impressive reduction of the fiscal deficit of the general government during 2010, by almost 5 percentage points to 10.5 per cent. of GDP, while domestic consumption decreased by 4.9 per cent., inflation increased by 4.7 per cent. and the unemployment rate rose to 12.5 per cent. compared to 9.5 per cent. in 2009. As a result, the Greek economy deteriorated further for a second consecutive year, as reflected in the GDP contraction of 4.4 per cent. in 2010 compared to -2.3 per cent. in 2009.

However, the recession in Greece appears to be somewhat deeper and longer than initially projected. The fiscal performance criteria for the first quarter of 2011 have been met but many problems remained unresolved. In June 2011, a medium-term fiscal strategy (MTFS) was legislated to ensure the durability of fiscal consolidation. The aim is to reduce the government deficit to 2.2 per cent. of GDP in 2014 and further in 2015, and place the debt ratio on a downward slope. To meet this objective, the government identified fiscal consolidation measures of about 10 per cent. of GDP between 2011 and 2014, and above 12 per cent. of GDP if the period to 2015 is considered. Additionally, the programme has incorporated important steps to strengthen and accelerate the privatisation programme of listed and non-listed companies, concessions and commercially-viable real estate (buildings and land) in order to reduce debt and at the same time to promote the economic activity and foreign direct investments.

On 21st July, 2011, the EU Council decided upon a new financial aid programme for Greece, including among others, new loans from the EU and IMF, a voluntary contribution from the private sector and a strategy for growth and investment in Greece by mobilising EU funds. In particular, the new programme envisages the following:

- the total official financing will amount to an estimated €109 billion. This programme will be designed through lower interest rates and extended maturities to decisively improve the debt sustainability and refinancing profile of Greece.
- the European Financial Stability Facility ("EFSF") loans will be extended from 7.5 years to a minimum of 15 years and up to 30 years with a grace period of 10 years at lending rates equivalent to those of the Balance of Payments facility (currently approximately 3.5 per cent.). There will be a mechanism to ensure that there exist appropriate incentives to implement the programme, including collateral arrangements where appropriate.
- a comprehensive strategy to be devised for growth and investment in Greece. The Commission decided to create a task force which will work with the Greek authorities to target the structural funds on competitiveness and growth, job creation and training.
- net contribution from the private sector which is estimated at €37 billion for the period 2011-2014. In addition, a debt buyback programme will contribute €12.6 billion increasing the total to €50 billion. For the period 2011-2019, the total net contribution from the private sector involvement is estimated at €106 billion. Also, credit enhancement will be provided to underpin the quality of collateral so as to allow its continued use for access to Eurosystem liquidity operations by Greek banks. The EU will provide adequate resources to recapitalise Greek banks if needed.

## FORM OF THE DEED OF GUARANTEE

The following is the form of the Deed of Guarantee of Piraeus Bank:

“THIS DEED OF GUARANTEE is made on 2nd July, 2008 in London, England

by

(1) **PIRAEUS BANK S.A.**, a company incorporated in the Hellenic Republic (the “Guarantor”).

### IN FAVOUR OF

(2) **THE HOLDERS AND THE ACCOUNTHOLDERS** (each as defined below) (together, the “Beneficiaries”).

### WHEREAS

- (A) Piraeus Bank S.A., in its capacity as an issuer and Piraeus Group Finance PLC (“Piraeus PLC” and together with Piraeus Bank S.A. in its capacity as issuer, (the “Issuers”) have established a Euro Medium Term Note Programme (the “Programme”) for the issuance of notes. The Guarantor has authorised the giving of its irrevocable guarantee in relation to the notes issued by Piraeus PLC (the “Notes”).
- (B) The Issuers and the Guarantor have, in relation to the notes issued under the Programme, entered into a fiscal agency agreement (as amended, supplemented and/or restated from time to time, the “Agency Agreement”) dated 2nd July, 2008 with Deutsche Bank AG, London Branch as fiscal agent (the “Agent”, which expression shall include any successor) and the other paying agents named therein.
- (C) The Issuers have, in relation to the notes issued under the Programme, executed in London, England a deed of covenant (as amended, supplemented and/or restated from time to time, the “Deed of Covenant”) dated 2nd July, 2008.
- (D) The Guarantor has agreed to irrevocably guarantee the payment of all sums expressed to be payable from time to time by Piraeus PLC in respect of the Notes and under the Deed of Covenant.
- (E) The Guarantor entered into a deed of guarantee dated 21st June, 2007 in relation to the Notes (such deed of guarantee, the “Original Deed of Guarantee”).
- (F) The Guarantor agrees to make certain modifications to the Original Deed of Guarantee.
- (G) This Deed of Guarantee amends and restates the Original Deed of Guarantee. Any Notes issued under the Programme by Piraeus PLC on or after the date hereof shall be issued subject to this Deed of Guarantee (other than any such Notes issued so as to be consolidated and form a single series with any Notes issued prior to the date hereof which shall continue to be subject to the Original Deed of Guarantee).

**THIS DEED OF GUARANTEE WITNESSES** as follows:

#### 1.1 Definitions and Interpretation

“Accountholder” means any accountholder or participant with a Clearing System which at the Relevant Date has credited to its securities account with such Clearing System one or more Entries in respect of a Global Note issued by Piraeus PLC, except for any Clearing System in its capacity as an accountholder of another Clearing System;

“Clearing System” means each of Euroclear and Clearstream, Luxembourg, and any other clearing system specified in the relevant Final Terms;

“Conditions” means the terms and conditions of the relevant Notes, including those contained in the applicable Final Terms, as the same may be modified or supplemented in accordance with the terms thereof, and any reference to a numbered “Condition” is to the correspondingly numbered provision thereof;

“Direct Rights” means the rights referred to in Clause 3 of the Deed of Covenant;

“Entry” means, in relation to a Global Note issued by Piraeus PLC, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note;

“Euroclear” means Euroclear Bank SA/NV, as operator of the Euroclear system;

“Holder” means, in relation to any Note, at any time, the person who is the bearer of such Note;

“person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

“Relevant Date” means, in relation to the payment of any sum expressed to be payable by Piraeus PLC in respect of a Note, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

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

- 1.2 Terms defined in the Conditions have the same meanings in this Deed of Guarantee.
- 1.3 Any reference in this Deed of Guarantee to any obligation or payment under or in respect of the Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 3 of the Deed of Covenant.
- 1.4 Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.
- 1.5 Headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Deed of Guarantee.

## **2. Guarantee and Indemnity**

- 2.1 The Guarantor hereby irrevocably guarantees:
  - (a) to each Holder the due and punctual payment of all sums from time to time payable by Piraeus PLC in respect of the Notes as and when the same become due and payable and accordingly undertakes to pay to such Holder, forthwith upon the demand of such Holder and in the manner and currency prescribed by the Conditions for payments by Piraeus PLC in respect of the Notes, any and every sum or sums which Piraeus PLC is at any time liable to pay in respect of the Notes and which Piraeus PLC has failed to pay; and

- (b) to each Accountholder the due and punctual payment of all sums from time to time payable by Piraeus PLC to such Accountholder in respect of the Direct Rights as and when the same become due and payable and accordingly undertakes to pay to such Accountholder, forthwith upon the demand of such Accountholder and in the manner and currency prescribed by the Conditions for payments by Piraeus PLC in respect of the Notes, any and every sum or sums which Piraeus PLC is at any time liable to pay to such Accountholder in respect of the Notes and which Piraeus PLC has failed to pay.
- 2.2 The Guarantor irrevocably undertakes to each Beneficiary that, if any sum referred to in Clause 2.1 is not recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Note, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then (notwithstanding that the same may have been known to such Beneficiary) the Guarantor will, forthwith upon demand by such Beneficiary, pay such sum by way of a full indemnity in the manner and currency prescribed by the Conditions. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action if any sum is not recoverable under Clause 2.1.
- 2.3 Notwithstanding the foregoing provisions of Clauses 2.1 and 2.2 hereof, it is specifically agreed that the place of performance of any and all obligations under the Deed of Guarantee shall be London, England and consequently any and all payments of the Guarantor under this Deed of Guarantee shall be made out of or to the credit of bank accounts maintained with banks legally operating and situated in London, England.

### **3. Negative Pledge**

The Guarantor covenants in favour of each Holder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 4.

### **4. Taxation**

The Guarantor covenants in favour of each Holder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 10. In particular, if in respect of any payment to be made under this Deed of Guarantee, any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature is payable, the Guarantor shall pay the additional amounts referred to in Condition 10, all subject to and in accordance with the provisions of Condition 10.

### **5. Preservation of Rights**

- 5.1 The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.
- 5.2 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of Piraeus PLC's obligations under any Note or the Deed of Covenant and shall continue in full force and effect until all sums due from Piraeus PLC in respect of the Notes and under the Deed of Covenant have been paid, and all other obligations of Piraeus PLC thereunder have been satisfied, in full.
- 5.3 Neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:

- (a) the winding up, liquidation or dissolution of Piraeus PLC or analogous proceeding in any jurisdiction or any change in its status, function, control or ownership;
  - (b) any of the obligations of Piraeus PLC under or in respect of the Notes or the Deed of Covenant being or becoming illegal, invalid or unenforceable;
  - (c) time or other indulgence being granted or agreed to be granted to Piraeus PLC in respect of any of its obligations under or in respect of the Notes or the Deed of Covenant;
  - (d) any amendment to, or any variation, waiver or release of, any obligation of Piraeus PLC under or in respect of the Notes or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof; or
  - (e) any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.
- 5.4 Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by Piraeus PLC or any other person on Piraeus PLC's behalf being avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- 5.5 No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:
- (a) to make any demand of Piraeus PLC, save for the presentation of the relevant Note;
  - (b) to take any action or obtain judgment in any court against Piraeus PLC; or
  - (c) to make or file any claim or proof in a winding up or dissolution of Piraeus PLC,
- and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Note.
- 5.6 The Guarantor agrees that, so long as any sums are or may be owed by Piraeus PLC in respect of the Notes or under the Deed of Covenant or Piraeus PLC is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:
- (a) to be indemnified by Piraeus PLC;
  - (b) to claim any contribution from any other guarantor of Piraeus PLC's obligations under or in respect of the Notes or the Deed of Covenant;
  - (c) to take the benefit (in whole or in part) of any security enjoyed in connection with the Notes or the Deed of Covenant by any Beneficiary; or
  - (d) to be subrogated to the rights of any Beneficiary against Piraeus PLC in respect of amounts paid by the Guarantor under this Deed of Guarantee.
- 5.7 The Guarantor irrevocably undertakes that its obligations hereunder in respect of Notes specified in the applicable Final Terms as Senior Notes will constitute direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject to Condition 4) and

unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.

- 5.8 The Guarantor irrevocably undertakes that its obligations hereunder in respect of Notes specified in the applicable Final Terms as Dated Subordinated Notes will constitute direct, general and unconditional, subordinated and unsecured obligations of the Guarantor which will be subordinated to the claims of Senior Creditors of the Guarantor in that payments under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) will be conditional upon the Guarantor being solvent at the time of payment by the Guarantor and in that no amount shall be payable under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For this purpose, the Guarantor shall be considered to be solvent if it can pay principal and interest in respect of the Dated Subordinated Notes and still be able to pay its outstanding debts to Senior Creditors of the Guarantor, which are due and payable.

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

## **6. Deposit of Deed of Guarantee**

An original of this Deed of Guarantee shall be deposited with and held by the Agent until the date which is two years after all the obligations of Piraeus PLC under or in respect of the Notes and the Deed of Covenant have been discharged in full. The Guarantor hereby acknowledges the right of every Beneficiary to the production of this Deed of Guarantee.

## **7. Stamp Duties**

The Guarantor shall pay all stamp, registration and other similar taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee, and shall, to the extent permitted by law, indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, reasonable legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

## **8. Benefit of Deed of Guarantee**

- 8.1 This Deed of Guarantee shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.
- 8.2 This Deed of Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Guarantee against the Guarantor.
- 8.3 The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.
- 8.4 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but that does not effect any right or remedy of any person which exists or is available apart from the Act.

## 9. Partial Invalidity

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any applicable jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other applicable jurisdiction shall in any way be affected or impaired thereby.

## 10. Notices

10.1 All notices and other communications to the Guarantor hereunder shall be made in writing (by letter, telex or fax) and shall be sent to the Guarantor at:

Piraeus Bank S.A.

Address: 4 Amerikis Str  
105 64 Athens  
Greece  
Tel: +30 210 333 5870  
Fax: +30 210 333 5695  
Attention: Mrs. Dimitra Pallikari, Legal Counsel  
and

Address: 5, Korai Street  
10564 Athens  
Greece  
Tel: +30 210 333 5818  
Fax: +30 210 325 4207  
Attention: Kostas Fouskas- Deputy Treasurer, Head of Asset & Liability  
Management

or to such other address, telex number or fax number or for the attention of such other person or department as the Guarantor has notified to the Beneficiaries in the manner prescribed for the giving of notices in connection with the Notes.

10.2 Every notice, demand or other communication sent in accordance with Clause 10.1 shall be effective as follows:

- (a) if sent by letter or fax, upon receipt by the Guarantor; and
- (b) if sent by telex, upon receipt by the sender of the Guarantor's answerback at the end of transmission;

provided that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

## 11. Governing Law and Jurisdiction

11.1 This Deed of Guarantee (other than Clause 5.8) is governed by, and shall be construed in accordance with, English law. Clause 5.8 is governed by and shall be construed in accordance with, Greek law.

11.2 The Guarantor agrees, for the exclusive benefit of the Beneficiaries, that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deed of Guarantee (respectively, "Proceedings" and "Disputes") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

- 11.3 The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts referred to in Clause 11.2 being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 11.4 The Guarantor agrees that the process by which any Proceedings are begun may be served on it by being delivered to Piraeus Bank S.A., London Branch at its principal place of business for the time being in England (currently Tower 42, 25 Old Broad Street, London EC2N 1PB). If the Guarantor ceases to maintain a branch in England, the Guarantor shall appoint a further person in England to accept service of process on its behalf. Nothing in this sub-clause shall affect the right to serve process in any other manner permitted by law.
- 11.5 The submission to the jurisdiction of the courts referred to in Clause 11.2 shall not (and shall not be construed so as to) limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

**12. Modification**

The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Notes, including the modification of any provision of this Deed of Guarantee. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries.

**IN WITNESS** whereof this Deed of Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a deed  
 by  
 acting as attorney-in-fact  
 for and on behalf of  
 PIRAEUS BANK S.A.  
 in the presence of:



Signature of witness: .....

Name of Witness: .....

Address: .....

Occupation: ..... "

## **GUARANTEE OF DEBT SECURITIES BY THE HELLENIC REPUBLIC**

Under L.3723/2008 of the Hellenic Republic, as in force, the Minister of Economy and Finance (now called "Minister of Finance") has the power to provide a guarantee on behalf of the Hellenic Republic for debt securities issued by the credit institutions licensed by the Bank of Greece. This power was granted as part of a package of measures designed to stabilise the financial markets in the Hellenic Republic. The support package has been approved by the European Commission as being compatible with EC Treaty State aid rules.

### **Nature of the guarantee**

Pursuant to L.3723/2008 a credit institution may apply to the Minister of Finance for debt securities to be guaranteed by the Hellenic Republic provided such securities fulfil certain criteria. Securities with the benefit of a guarantee from the Hellenic Republic granted pursuant to L.3723/2008 will be guaranteed pursuant to a guarantee to be given by the Hellenic Republic in favour of the holders of the relevant securities. Where the applicable Final Terms indicate that such debt securities are unconditionally and irrevocably guaranteed by the Hellenic Republic pursuant to L.3723/2008 and associated Ministerial decisions ("Guaranteed Debt Securities") such debt securities will be unconditionally and irrevocably guaranteed by the Hellenic Republic.

### **Exemption from the provisions of the Prospectus Directive**

Pursuant to Article 1, paragraph 2(d) of the Prospectus Directive the provisions of the Prospectus Directive will not apply to any issue of Guaranteed Debt Securities. No election has been made by Piraeus Bank for Guaranteed Debt Securities to be treated as being within the scope of the Prospectus Directive.

***No Notes issued pursuant to this Offering Circular will be Guaranteed Debt Securities and Guaranteed Debt Securities may not be offered to the public in any country of the European Union or admitted to trading on the regulated market of any country of the European Union using this Base Prospectus. In respect of an issue of Guaranteed Debt Securities, a separate information memorandum will be prepared.***

## TAXATION

### Taxation in the Hellenic Republic

The following discussion of Greek taxation, as it relates to the Notes and the Guarantee, is of a general nature and is based on the provisions of applicable tax laws, currently in force in Greece. It should be noted, however, that the Greek tax system has been significantly reformed very recently pursuant to, *inter alia*, Laws 3842/2010 and 3943/2011 and, although certain explanatory circulars have been issued by the Greek Ministry of Finance, at present, there is no certainty as to the manner that the Greek tax authorities will interpret and implement in practice the provisions of these laws and any other applicable tax laws. Therefore, Noteholders who are in doubt as to their personal tax position should consult their professional advisers.

#### *Payment of principal under the Notes and the Guarantee*

No Greek income tax will be imposed on payments of principal to any Noteholders in respect of Notes:

- (a) issued by Piraeus PLC or Piraeus Bank; or
- (b) issued by Piraeus PLC and made by Piraeus Bank under the Guarantee.

#### *Payments of interest under the Notes*

Payments of interest in respect of the Notes issued by Piraeus PLC or Piraeus Bank to Noteholders:

- (a) who either reside or maintain a permanent establishment in Greece for Greek tax law purposes will be subject to Greek withholding income tax, currently at the rate of ten per cent., which does not exhaust the tax liability of certain types of such Noteholders. Such tax will be withheld as follows: (i) if a "paying agent" (as defined in article 4 of Greek Law 3312/2005, which transposed into Greece the EU Savings Directive (as defined below) (the "Implementing Law") located in Greece has been appointed, by such paying agent, whilst (ii) if no such "paying agent" has been so appointed, by either (x) Piraeus Bank in respect of payments of interest made directly by it to such Noteholders under Notes issued either by it or Piraeus PLC, or (z) any other person located in Greece who has been authorised by either Piraeus Bank or Piraeus PLC to make such payment on their behalf to such Noteholders; and
- (b) who neither reside nor maintain a permanent establishment in Greece for Greek tax law purposes will not be subject to Greek income tax.

#### *Payments of interest under the Guarantee*

Payments of interest by Piraeus Bank under the Guarantee made to holders of Notes issued by Piraeus PLC should be expected to have the same income tax treatment, as described above under the caption "*Payments of interest under the Notes*". However, there is no clear guidance given by the Greek Ministry of Finance as to the classification of the relevant income and, therefore, the Greek tax authorities could take a view which may be different from that expressed in the preceding sentence.

#### *Disposal of Notes – Capital Gains*

The transfer of Notes or coupons in respect of Notes issued by Piraeus Bank outside Greece or Piraeus PLC and made by Noteholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes will be subject to withholding income tax, currently at the rate of ten per cent. Such tax will be imposed on the interest accrued during the relevant interest

period up to the time of such transfer and withheld in the manner contemplated in paragraph (a) under the caption "Payments of interest under the Notes" set out above. The transfer of Notes or coupons in respect of Notes issued by Piraeus Bank in Greece and made by Noteholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes will not be subject to such withholding income tax.

The Greek tax legislation does not include any explicit provision with respect to the taxation of capital gains arising from the disposal of debt securities issued by non-Greek issuers. However, pursuant to Ministerial Circular POL 1092/27.7.2007, the Greek tax authorities have taken the view that in case of a disposal of such securities by Greek tax residents (natural or legal persons), any capital gains (i.e. any gain in addition to accrued interest and capital) arising from such disposals will be taxed according to the general tax provisions.

### ***Implementation of the EU Savings Directive***

On 3rd June, 2003 the EU Council of Economic and Finance Ministers adopted Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the EU Savings Directive). The ultimate aim of the EU Savings Directive is to enable savings income in the form of interest payments made in one Member State to beneficial owners who are individuals resident for tax purposes in another Member State to be made subject to effective taxation in accordance with the laws of the latter Member State.

Greece has implemented the EU Savings Directive by virtue of the Implementing Law, whilst in the course of 2005 and 2006 several implementing practical measures were enacted in this context.

### **Taxation in the United Kingdom**

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments are made on the assumption that Piraeus Bank is not resident in the United Kingdom for United Kingdom tax purposes and that any interest on Notes issued by Piraeus Bank (other than through its UK branch) will not have a UK source. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.*

*Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments 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. UK Withholding Tax on UK Source Interest**

##### *A.1 UK Notes Listed on a Recognised Stock Exchange*

The Notes issued by Piraeus PLC (the "UK Issuer") or Piraeus Bank issuing through its UK branch (also the "UK Issuer", and together with Piraeus PLC, the "UK Issuers") which carry a right to

interest (“UK Notes”) will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007 (the “Act”). Securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. While the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

#### *A.2 UK Notes issued by Piraeus Bank acting through its UK branch*

In addition to the exemption set out in A.1 above, interest on Notes issued by Piraeus Bank acting through its UK branch may be paid without withholding or deduction for or on account of United Kingdom income tax if and for so long as Piraeus Bank issuing through its UK branch is a “bank” for the purposes of section 991 of the Act and so long as such payments are made by it in the ordinary course of its business within the meaning of section 878 of the Act. In accordance with the published practice of HM Revenue & Customs, such payments will be accepted as being made by Piraeus Bank issuing through its UK branch in the ordinary course of its business unless either:

- (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Bank of England whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
- (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

#### *A.3 Notes issued to UK corporation tax payers*

Interest on the UK Notes may also be paid without withholding or deduction on account of UK tax where interest on the UK Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the UK Notes is paid reasonably believes) that the beneficial owner is within the charge to UK corporation tax as regards the payment of interest; provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe 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.

#### *A.4 Notes with short maturity dates*

Interest on the UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax if the relevant interest is paid on UK Notes with a maturity of less than 365 days from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for more than 364 days.

#### *A.5 All other Notes*

In all cases falling outside the exemptions described in A.1, A.2, A.3 and A.4 above, interest on the UK Notes must be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

## **B. Payments by the Guarantor**

If the Guarantor makes any payments in respect of interest on Notes issued by Piraeus PLC (or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes) such payments may be subject to United Kingdom withholding tax subject to such relief as may be available under the provisions of any applicable double taxation treaty. Such payments by the Guarantor may not be eligible for the exemptions described in A above.

## **C. Payments under the Deed of Covenant**

Any payments made by an Issuer under the Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

## **D. Provision of Information**

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by any UK Issuer or any person in the United Kingdom acting on behalf of any Issuer (a "paying agent") or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "collecting agent"), then the relevant UK Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HM Revenue & Customs details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to HM Revenue & Customs may, in certain cases, be passed by HM Revenue & Customs to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

For the purposes of the provision of information, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

HM Revenue & Customs also has power, in certain circumstances, to obtain information from any person in the UK who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person. HM Revenue & Customs published practice indicates that it will not exercise its power to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts were paid on or before 5th April, 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption.

## **Luxembourg Taxation**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

### **Withholding Tax**

#### *(i) Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21st June, 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of

the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3rd June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), payments of interest or similar income made or ascribed by a Paying Agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a Residual Entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant Paying Agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant Paying Agent. Where withholding tax is applied, it is currently levied at a rate of 35 per cent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. As from 1st July, 2011, payments of interest under the Notes coming within the scope of the Laws would be subject to withholding tax of 35 per cent.

*(ii) Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005 (the Law) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a Paying Agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg, will be subject to withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg Paying Agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

Pursuant to the law of 23rd December, 2005 as amended by the law of 17th July, 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. tax on interest payments made by Paying Agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive (Council Directive 2003/48/EC) on the taxation of savings income. Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg Paying Agent within the meaning of these laws, which may be different from the Issuers.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a Paying Agent within its jurisdiction to or collected by such Paying Agent for an individual resident in that other Member State or to Residual Entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding tax in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Under such withholding system, tax will be withheld unless the recipient of the payment elects instead

for an exchange of information procedure. The current rate of withholding is 35 per cent. A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has announced on 13th November 2008 proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, inter alia, extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider definition of interest subject to the EU Savings Directive. Investors who are in any doubt as to their position should consult their professional advisers.

## **SUBSCRIPTION AND SALE**

The Dealers have in an amended and restated programme agreement (the "Programme Agreement") dated 25th July, 2011 agreed with Piraeus Bank and Piraeus PLC a basis upon which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement, Piraeus Bank and Piraeus PLC have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer, or in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all the Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer or Dealers may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. Each relevant Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State,

except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Selling restrictions addressing additional United Kingdom Securities laws**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes issued by Piraeus PLC having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not

offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the Guarantor would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief having made all due and proper enquiries) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of Piraeus PLC, Piraeus Bank and any other Dealer shall have any responsibility therefor.

None of Piraeus PLC, Piraeus Bank and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the issue of Notes by Piraeus PLC have been duly authorised by resolutions of the Board of Directors of Piraeus PLC dated 2nd June, 2004, 21st July, 2005, 14th June, 2007, 27th June, 2008, 28th July, 2009, 5th August, 2010 and 14th July, 2011. The establishment and update of the Programme and the giving of the Deed of Guarantee have been duly authorised by resolutions of the Board of Directors of Piraeus Bank dated 12th May, 2004, 13th July, 2005, 18th April, 2007, 31st October, 2007, 8th April, 2009, 17th March, 2010, 14th July, 2010 and 20th July, 2011.

Any issue of Notes by Piraeus Bank under the Programme is subject to the prior decision of the Board of Directors of Piraeus Bank.

### Approval, listing and admission to trading

Application has been made to the CSSF to approve this document as a base prospectus in respect of Piraeus PLC and in respect of Piraeus Bank. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID.

### Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of each Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) the constitutional documents of Piraeus Bank and Piraeus PLC (in English);
- (ii) the audited IFRS financial statements of Piraeus Bank in respect of the financial years 31st December, 2010 and 31st December, 2009 (in both cases with an English translation thereof) (in each case together with the audit reports prepared in connection therewith);
- (iii) the audited financial statements of Piraeus PLC in respect of the financial years ended 31st December, 2010 and ended 31st December, 2009 (in each case together with the audit reports prepared in connection therewith);
- (iv) the financial statements of Piraeus Bank in respect of the three months ended 31st March, 2011, including the unaudited consolidated and non-consolidated interim condensed financial statements as at and for the three months ended 31st March, 2011;
- (v) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the forms of the temporary global Notes, the permanent global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (vi) a copy of this Offering Circular; and
- (vii) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular and Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer or the relevant

Paying Agent, as the case may be, as to its holding and identity) and any other documents incorporated herein or therein by reference.

In addition, copies of this Offering Circular, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference herein are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Material or Significant Change**

Save as disclosed in this Offering Circular on pages 127 to 128, there has been no material adverse change in the prospects of Piraeus Bank, or the Group, since 31st December, 2010, and no significant change in the financial position of Piraeus Bank or the Group since 31st March, 2011.

Save as disclosed in this Offering Circular on pages 127 to 128, there has been no material adverse change in the prospects of Piraeus PLC since 31st December, 2010 and no significant change in the financial position of Piraeus PLC since 31st December, 2010.

### **Litigation**

None of Piraeus PLC, Piraeus Bank or any subsidiary of Piraeus Bank is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Piraeus PLC or Piraeus Bank is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of Piraeus PLC, Piraeus Bank or the Group.

### **Auditors of Piraeus PLC**

The auditors of Piraeus PLC are PricewaterhouseCoopers LLP, 7 More London, Riverside, London SE1 2RT, England (member of the Institute of Chartered Accountants in England and Wales). The financial statements of Piraeus PLC for the years ended 31st December, 2009 and 2010 have been audited by PricewaterhouseCoopers LLP.

The auditors of Piraeus PLC have no material interest in Piraeus PLC.

### **Auditors of Piraeus Bank**

The statutory auditors of Piraeus Bank are PricewaterhouseCoopers – Athens (member of the Institute of Certified Public Accountants of Greece).

The audited consolidated financial statements of the Group as of 31st December, 2009 and as of 31st December, 2010 were prepared in accordance with the IFRS and have been audited by PricewaterhouseCoopers – Athens.

The auditors of Piraeus Bank have no material interest in Piraeus Bank.

**Post-issuance information**

Save as set out in the Final Terms, the Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.

## ISSUER

### **Piraeus Group Finance PLC**

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## ISSUER AND GUARANTOR

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