



## **EUROBANK ERGASIAS S.A.**

(incorporated with limited liability in the Hellenic Republic with registration number 000223001000)

### **€5 billion Global Covered Bond Programme III**

Under this €5 billion global covered bond programme (the **Programme**), Eurobank Ergasias S.A. (the **Issuer**) may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act 2005**) to approve this document as a base prospectus (the **Base Prospectus**). By approving this base prospectus, the CSSF does not give any undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. This document comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) but is not a base prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.

References in this Base Prospectus to Covered Bonds being listed and all related references shall mean that such Covered Bonds have been admitted to trading on the Luxembourg Stock Exchange's regulated market and are intended to be listed on the Official List of the Luxembourg Stock Exchange's regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**).

The Programme also permits Covered Bonds to be issued on the basis that they will be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €5 billion (or its equivalent in other currencies calculated as described herein). The payment of all amounts due in respect of the Covered Bonds will constitute direct and unconditional obligations of the Issuer, having recourse to assets forming part of the cover pool (the **Cover Pool**).

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

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

The rating of certain Series of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms as assigned by S&P Global Ratings, a division of S&P Global (**S&P**) (or such other ratings that may be agreed by the Rating Agencies from time to time). S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

Amounts payable under the Covered Bonds may be calculated by reference to one of LIBOR and EURIBOR as specified in the relevant Final Terms. As at the date of this offering circular, the administrator of LIBOR is included in the European Securities and Markets Authority's (**ESMA**) register and the administrator of EURIBOR is not included in the ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Investing in Covered Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations in respect of the Covered Bonds are discussed under "*Risk Factors*" below.

Arranger and Dealer  
**Barclays**  
Dealer  
**Eurobank**

The date of this Base Prospectus is 15 October 2018

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

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

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

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

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

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

Neither the Dealer(s) nor any Arranger nor any of their respective affiliates have authorised or separately verified the whole or any part of this Base Prospectus and none of them makes any representation, recommendation or warranty (express or implied) or accepts any responsibility or liability as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any document or agreement relating to the Covered Bonds or any Transaction Document. None of the Arrangers or the Dealers shall be responsible for any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Covered Bonds or any Transaction Documents, or any other agreement or document relating to the Covered Bonds or their distribution or any Transaction Document. Neither the Arrangers nor the Dealers shall be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Covered Bond shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms in respect of any Covered Bonds includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Covered Bonds will include a legend entitled "*MiFID II product governance*" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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

Each investor contemplating investing in any Covered Bond should: (i) determine for itself the relevance of the information contained in (including incorporated by reference into) this Base Prospectus, (ii) make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and such Covered Bonds and (iii) make its own determination of the suitability of any such investment in light of its own circumstances, with particular reference to its own investment objectives and experience, and any other factors that are relevant to it in connection with such investment, in each case, based upon such investigation as it deems necessary.

The maximum aggregate principal amount of Covered Bonds outstanding at any time under the Programme will not exceed €5 billion (and for this purpose, the principal amount outstanding of any Covered Bonds denominated in another currency shall be converted into euro at the date of the agreement to issue such

Covered Bonds (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate principal amount of Covered Bonds which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement as defined under "*Subscription and Sale*".

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

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

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly, any person making or intending to make an offer to the public of Covered Bonds in that Relevant Member State, may only do so in circumstances in which no obligation arises for the Issuer, the Arranger or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer to the public. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer to the public.

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

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## **RISK FACTORS**

*In purchasing Covered Bonds, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Covered Bonds. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Covered Bonds. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Covered Bonds.*

*The Issuer believes that the risks described below are the material risks inherent in the transaction for Covered Bondholders, but the Issuer does not represent that the statements below regarding the risks relating to the Covered Bonds are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Covered Bonds. Prospective Covered Bondholders should read the detailed information set out in this document and reach their own views, together with their own professional advisers, prior to making any investment decision.*

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

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making an investment decision. Words and expressions defined in the "Terms and Conditions of the Covered Bonds" below or elsewhere in this Base Prospectus have the same meanings in this section. Investing in the Covered Bonds involves certain risks. Prospective investors should consider, among other things, the following.*

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

*The Covered Bonds will be obligations of the Issuer only*

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

#### *Maintenance of the Cover Pool*

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

Pursuant to the Servicing and Cash Management Deed after the occurrence of an Issuer Event the Cover Pool is subject to an Amortisation Test. The Amortisation Test is intended to ensure that the

Cover Pool Assets are sufficient to meet the obligations under all Covered Bonds outstanding together with senior expenses that rank in priority to or *pari passu* with amounts due on the Covered Bonds. Failure to satisfy the Amortisation Test on any Calculation Date following an Issuer Event cause all Series of Covered Bonds to become Pass Through Covered Bonds and the Issuer will, to the extent funds are available to do so, pay amounts of principal in respect of the Covered Bonds on each Cover Pool Payment Date. See "*Risks in relation to Pass Through Covered Bonds*" below.

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

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

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

However, it should be noted that the Statutory Tests, the Amortisation Test and the Individual Eligibility Criteria are intended to ensure that there will be an adequate amount of Loan Assets in the Cover Pool to enable the Issuer to repay the Covered Bonds following service of a Notice of Default and accordingly it is expected (but there is no assurance) that the Loan Assets could be realised for sufficient value to enable the Issuer to meet its obligations under the Covered Bond.

*Default by Borrowers in paying amounts due on their Loans*

Borrowers may default on their obligations under the Loans in the Cover Pool. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

*Changes to the Lending Criteria of the Issuer*

Each of the Loans originated by the Issuer will have been originated in accordance with its Lending Criteria at the time of origination. The Lending Criteria of the Issuer also includes the Lending Criteria applied by Proton Bank and New TT Hellenic Postbank SA (which merged with the Issuer in November and December 2013 respectively). It is expected that the Issuer's Lending Criteria will generally consider, *inter alia*, type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant and credit history. The Issuer retains the right to revise its Lending Criteria from time to time but would do so only to the extent that such a change would be acceptable to a

reasonable, prudent mortgage lender. If the Lending Criteria change in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Cover Pool, or part thereof, and the ability of the Issuer to make payments under the Covered Bonds.

#### *Deteriorating asset valuations resulting from market conditions*

A decline in the value of the real estate, securing the Loans under the Cover Pool may result from a further deterioration of financial conditions in Greece, regional housing conditions, changes in Property tax laws and government policies. This value may be materially different from their fair value determined at the time of loan origination, which could adversely affect the realizable Cover Pool Value and the Issuer's ability to meet its obligations under the Covered Bond.

However, it should be noted that prior rapid decreases in market values from the prolonged economic recession have already been reflected in real estate re-valuations, and further decreases are expected to follow at a much slower pace.

Additionally, the risks associated with deterioration of Market values are further mitigated, to an extent, by the method of calculation of the aggregate Outstanding Principal Balance of all Loans in the Cover Pool as provided in the statutory tests.

#### **Risks relating to Pre-Approved Loans**

After the conversion of loans granted from the former "New TT Hellenic Postbank S.A." into the core Eurobank systems in April 2014, the Issuer acquired the total mortgage portfolio of the former NTT, along with the special category "old type mortgage loans" (**the Pre-Approved Loans**).

This special programme of Pre-Approved Loans was offered from the former NTT with the following main product characteristics. The mortgage loans were targeted specifically to employees (and pensioners) of the Greek State and Companies/Institutions of the broader public sector, cooperating with the Issuer. They were offered to employees requesting a mortgage loan (for purchase/construction/repair of residential property), due to the stability of the source of income (public sector employees) and the way the loan was repaid (instalments withheld directly through monthly payroll). Thus, the key competitive advantage of this type of mortgage loan is its repayment method (through payroll). The loan instalments are not paid directly by the Borrower, but are requested from the Issuer by the Company/Institution in which the customer is employed. Loans no longer operating under the above facility are serviced like any other ordinary mortgage loan (paid directly by the debtor). Historically, pre-approved loans perform better than ordinary mortgage loans, as each month instalments are withdrawn directly through the Borrower's payroll.

However, Borrowers are still liable to repay the full amount of the instalment due under the relevant Loan. If the Company/Institution fails to pay the instalment or if the Borrower is no longer an employee of the relevant Company/Institution, then the Borrower may be unable to meet payments due under their Loan agreement. If the Borrower fails to pay the full amount under its Loan, the Issuer may be unable to satisfy its obligations under the Covered Bonds.

#### **Risks relating to Loans denominated in CHF**

Loans that have been granted in Swiss currency are by their nature subject to currency fluctuations to the extent that the borrowers elect to repay their debt in Euro. Pursuant to the law and the contract, for the determination of the foreign currency's value in Euro the exchange rate in force at the time of the actual repayment of the loan's instalments is crucial. Consequently it could not be excluded that for the repayment of the instalments a larger or smaller amount of euro may be necessary. It is noted that the loans are secured in rem; they are as a rule long term contracts and the borrowers' liability is



not limited to the mortgage value. The risks associated with CHF Loans are mitigated to an extent by limiting the aggregate Outstanding Principal Balance of all CHF Loans in the Cover Pool to 20 per cent of the aggregate Outstanding Principal Balance of all Loans comprising the Cover Pool.

### **Risks relating to Subsidised Loans**

In the Hellenic Republic, subsidies are available to borrowers in respect of interest payments made under residential mortgage loans. The availability and amount of a subsidy is determined by reference to the financial and social circumstances of a borrower and is made available from the Greek State and/or the Greek Workers Housing Association (**OEK**). In accordance with article 35 of Greek law 4144/2013, the Manpower Employment Organisation (**OAED**) became successor of both the **OEK** and the Greek Workers Housing Organisation (**OEE**) and acquired every right and obligation thereof. As of 14 February 2012, OEK and OEE ceased to exist pursuant to article 1 paragraph 6 of Greek law 4046/2012. Assets, liabilities and any kind of pending cases since the entry into force of Greek law 4144/2013 were transferred from those legal persons to OAED.

Regarding loans, in respect of which exclusively OEK made payment of the subsidised interest amount, OAED shall continue the payments thereof (as a universal successor of OEK). The Greek State, the OEK and any other applicable Greek State owned entity's subsidy payments will be part of the Cover Pool in accordance with Article 152 of Greek Law 4261/2014 along with the other receivables under the loan agreements.

The Issuer receives the subsidised component of interest due under some of the Subsidised Loans from the OAED, the Greek State or any other applicable Greek State owned entity. OAED maintains a savings bank account at Eurobank (the **OAED Savings Account**) and the Servicer will be authorised to deduct the amount of the subsidy related to the relevant Subsidised Loan from this account and then transfer such amounts to the Collection Accounts or, following an Issuer Event, to the Transaction Accounts according to the terms of the Servicing and Cash Management Deed. On the other hand, until such withdrawal from the OAED Savings Account by the Servicer, OAED remains liable to the Issuer for the relevant subsidy. If the OAED Savings Account balance for any given month has not been sufficiently replenished by the OAED in advance of the next month's automated deduction of the subsidy amounts, the remaining balance owing to Eurobank and to be transferred by the Servicer into the Collection Accounts or, following an Issuer Event, the Transaction Accounts will be deducted once additional funds have been deposited by the OAED.

The Greek State will make payments of the subsidised interest amounts to Eurobank into an account maintained at Eurobank (the **Eurobank Bank of Greece Account**) and then the Servicer shall be authorised to transfer such amounts to the Collection Accounts or, following an Issuer Event, to the Transaction Accounts according to the terms of the Servicing and Cash Management Deed. The Servicer will notify the Greek State of the subsidised interest amounts that are payable by it and will undertake to take any action necessary to ensure that the Greek State makes payment of the relevant subsidised interest amounts.

In respect of any other subsidies provided by a Greek State owned entity, the amounts paid by way of subsidy will be transferred by the Servicer into the Collection Accounts or, following an Issuer Event, to the Transaction Accounts in accordance with the standard procedures applicable to such entity and the Servicer shall notify the relevant state subsidised entity of the amount of any such subsidy due as soon as possible.

Historically, subsidised loans perform better than non-subsidised loans, as the Greek State or the OEK and its successor OAED (as appropriate) is required to make payments of the subsidised interest amounts. However, Borrowers are liable to repay the full amount of interest due under the relevant Loan. If the Greek State and/or OAED fails to pay any subsidised interest amounts then the Borrower

may be unable to meet payments due under their Loan. If the Borrower fails to pay the full amount under its Loan, the Issuer may be unable to satisfy its obligations under the Covered Bonds.

By virtue of article 55 of Greek Law 4305/2014 the Borrower could file a petition for the extension of its OAED Subsidised Loans provided that at the date of such petition the amount of any due payments that remain unpaid did not exceed the aggregate of six monthly instalments. The period set by the abovementioned provision for the filing of such petition was within six months from the publication of Greek Law 4305/2014 which took effect on 31 October 2014 but such period was extended until 31 December 2015 by virtue of the joint ministerial decision of the Minister of Finance, Infrastructure, Development and Tourism and the Minister of Labour Social Security and Social Solidarity under number 19068/819/4-5-2015 and then further extended until 31 December 2016 by virtue of the joint ministerial decision of the Minister of Finance, Development and Tourism and the Minister of Labour, Social Security and Social Solidarity under number 21559/732/2016. Also, ministerial decision of the Minister of Labour, Social Security and Social Solidarity under number 52246/3173/26/1/2018 allows eligible borrowers of loans funded by own funds of OEK to restructure such loans and specifically to restructure the amount of the loan, the repayment of capital, interest on capital, capitalised interest, default interest and the term of the loan. Therefore, the said law, as amended per above, may have an adverse effect on the timing of the amount of collections under the loans granted to the Borrowers that make use of its provisions.

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

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

Any changes in Greek law or the administrative practice of the Greek State or the OAED which affect the timing and amount of subsidised interest payable could result in an adverse effect on the ability of the Issuer to make payments in respect of the Covered Bonds.

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

Following the occurrence of an Issuer Event (but prior to the service of a Notice of Default) which is continuing, the Servicer shall be obliged to try to sell Loans and their Related Security in the Cover Pool in respect of the relevant Series of Pass Through Covered Bonds and Accumulation Covered Bonds on or before the First Refinance Date and on or before each Refinance Date thereafter having the Required Outstanding Principal Balance Amount (the **Selected Loans**) in accordance with the Servicing and Cash Management Deed, subject to the rights of pre-emption in favour of the Issuer to remove the Selected Loans from the Cover Pool, in the case of the sale of Selected Loans following an Issuer Event and prior to a breach of the Amortisation Test, provided that where the Amortisation Test was met immediately prior to the proposed sale, that the Amortisation Test will continue to be met following any sale of Selected Loans or the removal of such Selected Loans from the Cover Pool and provided further that where the Amortisation Test has been breached prior to such Selected Loans being sold, the Servicer may sell Selected Loans where the Amortisation Test will not be satisfied after such sale provided that the amount by which the Amortisation Test is breached is not worsened or further reduced as a result of sale of such Selected Loans. The proceeds from any such sale will be

credited to the Transaction Accounts and applied in accordance with the applicable Priority of Payments. There is no guarantee that the Servicer will be able to sell in whole or in part the Loan Assets as the Servicer may not be able to find a buyer at the time it is obliged to attempt to sell.

The Issuer will have the right to prevent the sale of a Loan Asset to third parties by removing such Loan Asset from the Cover Pool and transferring within ten Athens Business Days from the receipt of the offer letter, to the Transaction Accounts, an amount equal to the price set forth in such offer letter, subject to the provision of a solvency certificate.

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

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

*Reliance on Hedging Counterparties*

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

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

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

If a Hedging Agreement terminates, then the Issuer (or the Servicer on its behalf) may be obliged to make a termination payment to the relevant Hedging Counterparty. There can be no assurance that the Issuer (or the Servicer on its behalf) will have sufficient funds available to make a termination payment under the relevant Hedging Agreement, nor can there be any assurance that the Issuer will be

able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agencies.

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

#### *Conflicts of Interest*

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

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

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

#### *Change of counterparties*

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

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

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including

the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Covered Bondholders may not be required in relation to such amendments and/or waivers.

### **Risks Relating to the Greek Economic Crisis**

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

The majority of the Issuer's business is in Greece. For the six months ended 30 June 2018, the Issuer's Greek operations accounted for 76 per cent. of the Issuer's operating income and 77 per cent. of the Issuer's net interest income. For the year ended 31 December 2017, the Issuer's Greek operations accounted for 77 per cent. of the Issuer's operating income and 77 per cent. of the Issuer's net interest income. Accordingly, the Issuer's business, results of operations, the quality of the Issuer's assets and general financial condition are directly and significantly affected by macroeconomic conditions and political developments in Greece. As a financial institution operating in Greece, the Issuer holds a portfolio of Greek government debt and related derivatives. As at 30 June 2018, the Group's overall exposure to the Greek state and state entities amounted to €4,706 million, comprising Greek government bonds with a book value of €3,177 million, Greek treasury bills with a book value of €78 million, financial derivatives with the Greek state amounting to €1,083 million and loans, financial guarantees and other claims with the Greek state of €368 million. In total, Greek government bonds and Greek treasury bills represented 6 per cent. of the Group's assets and 47 per cent. of the Group's securities portfolio as at 30 June 2018 and 6 per cent. of the Group's assets and 47 per cent. of the Group's securities portfolio as at 31 December 2017. In addition to its effect on the Issuer's operations in Greece, the current macroeconomic environment and adverse macroeconomic and political developments in Greece have also had, and may continue to have, a material adverse effect on the Group's reputation, competitive position, results of operations and deposits of the Issuer's international operations.

Since May 2010, Greece has been receiving financial support from the European Union (**EU**) and the International Monetary Fund (**IMF**) in the form of financial loans within the framework of economic adjustment programmes, which included a series of fiscal policy measures and structural reforms. In the private sector involvement in the first half of 2012 (the **PSI**), existing Greek government bonds were exchanged for new Greek government bonds having a face amount equal to 31.5 per cent. of the face amount of the debt exchanged and two-year European Financial Stability Fund (**EFSF**) bonds having a face amount equal to 15 per cent. of the face amount of the debt exchanged. Each participating holder also received detachable GDP-linked securities of Greece with a notional amount equal to the face amount of the new Greek bonds issued to that participating holder. As at 31 December 2012, total losses to the Group from the PSI amounted to €6.2 billion, most of which were recognised in 2011. In December 2012, the Greek state completed a buy-back of Greek government bonds (the **Buy-Back Programme**), in which the Issuer submitted for exchange the Issuer's entire portfolio of new Greek government bonds with a total face value of €2.3 billion (carrying amount €0.6 billion) and received EFSF bonds with a total face value of €0.8 billion. As a result of its participation in the Buy-Back Programme, the Group recognised a gain of €192 million for the financial year ended 31 December 2012. As at 30 June 2018, the Issuer had total deferred tax assets (**DTAs**) of €4.9 billion, of which €1.2 billion related to the PSI and the Buy-Back Programme. Under Greek Law 4172/2013, as amended by Greek Laws 4302/2014, 4340/2015, 4465/2017 and 4549/2018 a portion of the Issuer's DTAs could be converted into directly enforceable claims against the Greek state.

Following the Parliamentary elections of 25 January 2015, the Greek government moved to negotiate a new financing framework and a revised reform programme with the IMF, the EU and the ECB (the **Institutions**) in the context of the fifth review of the Second Economic Adjustment Programme.

In the context of these negotiations, the Second Economic Adjustment Programme was extended by the EFSF at the request of the Greek government until 30 June 2015, to allow the Greek authorities to design and implement reforms that would lead to a successful conclusion of the review of the Second Economic Adjustment Programme and the design of the necessary implementation measures. Another technical extension of the Second Economic Adjustment Programme had been previously granted on 19 December 2014 until 28 February 2015 (the programme was scheduled to expire on 31 December 2014).

The negotiations and discussions between Greece and the Institutions did not lead to an agreement or the successful completion of the review of the Second Economic Adjustment Programme. As a result, additional financial assistance within the framework of such programme was not dispersed and the liquidity position of the Greek State deteriorated significantly in the period from January 2015 to the end of June 2015.

On 26 June 2015, a referendum on the measures proposed by the Institutions was called by the Greek government for 5 July 2015 against the backdrop of significant pressures on public finances, significant deposit outflows and growing uncertainty on the ability of Greece to continue to meet its international payment obligations.

On 28 June 2015, the ECB announced that it would not increase the ceiling for the emergency liquidity assistance (**ELA**) for Greece's banking system from the €89 billion limit agreed on 26 June 2015. At that time, the Eurosystem's support to Greek banks (directly through the ECB's main refinancing operations and indirectly through the ELA) amounted to €126.6 billion (of which the Issuer's Eurosystem funding totalled €32.7 billion), which exceeded 70 per cent. of Greece's GDP. Limited access to liquidity in the Greek banking system resulted in heavy reliance on Eurosystem funding, without which Greece's banking system would have come under severe pressure, threatening the continued operations of the Greek banks.

In order to protect the Greek banking system from increasing deposit outflows, the Greek government passed legislation on 28 June 2015 declaring the period from 28 June 2015 through 6 July 2015 a bank holiday for all financial and payment institutions operating in Greece in any form. Simultaneously, restrictions on cash withdrawals from ATMs, transferring funds abroad and other transactions were put in force during the bank holiday. In parallel, the regulated markets and the multilateral trading facility of Athens Stock Exchange (**ATHEX**) remained closed throughout the bank holiday, pursuant to a decision of the Hellenic Capital Market Commission. In the referendum on 5 July 2015, 61.31 per cent. of the voters rejected the bailout conditions proposed by the Institutions. The bank holiday was subsequently extended until 20 July 2015.

After the end of the bank holiday, cash withdrawal and capital transfer restrictions were put in place and are still, albeit relaxed, in effect, mainly pursuant to the Legislative Acts dated 18 July 2015, which was ratified by article 4 of Greek law 4350/2015, as amended and currently in force. The Second Economic Adjustment Programme and the overall financial support framework for Greece expired on 30 June 2015 and Greece missed a payment due to the IMF on the same day. Following the distressed financial conditions generated by the bank holiday, capital controls, deteriorating public finances and arrears due to the IMF, Greece finally made a request for financial support.

On 11 July 2015, the Greek Parliament authorised the Prime Minister and certain other Ministers of the government to negotiate the final terms and conditions for a new loan from the European Stability Mechanism (**ESM**).

On 12 July 2015 and 13 July 2015, a Euro Area Summit took place whereby Greece committed to remain within the Eurozone and to adopt a first set of measures to enact within a strict timeline in order to rebuild trust with the Institutions and as a prerequisite for initiating negotiations for the Memorandum of Understanding for further financial support.

The Greek Parliament passed the relevant legislation on 16 July 2015 and on 23 July 2015.

On 17 July 2015, Greece obtained a three-month €7.2 billion bridge loan from the European Union, following which, on 20 July 2015, Greece repaid the totality of its arrears to the IMF, equivalent to Special Drawing Rights 1.6 billion (approximately €2.0 billion) and €4.2 billion to the ECB. On 23 July 2015, a separate request for financial assistance was sent to the IMF.

On 3 August 2015, the HCMC Board of Directors decided to reopen the regulated markets and the multilateral trading facility operated by ATHEX subject to certain restrictions (primarily on Greek investors).

On 11 August 2015, the Greek authorities, the European Commission and the ECB, with input from the IMF, reached a staff level agreement on the Memorandum of Understanding, which the Eurozone finance ministers (the **Eurogroup**) endorsed politically, and on 14 August 2015 the Greek Parliament approved the Financial Assistance Facility Agreement (the **Fafa**) and the Memorandum of Understanding. The Memorandum of Understanding provided a further set of prior actions which the Greek Parliament approved on 14 August 2015.

On 19 August 2015, the European Commission (on behalf of the ESM) signed the Memorandum of Understanding, which sets forth the conditions attached to disbursements under the Fafa and a comprehensive set of fiscal and other measures and structural reforms constituting the Third Economic Adjustment Programme, and which included up to €86 billion in financial assistance with an average maturity of 32.5 years. Although the IMF did not participate in the Third Economic Adjustment Programme, it will continue providing technical assistance. The full participation of the IMF was conditional on the implementation of certain structural reforms and the achievement of debt sustainability.

A first disbursement of funds under the Fafa in the amount of €13 billion was made on 20 August 2015. On the same day, following the government's resignation, the Greek Parliament was dissolved on 28 August 2015, and parliamentary elections were called for 20 September 2015. Following the 20 September elections, the governing coalition led by Prime Minister Tsipras remained in power.

The Third Economic Adjustment Programme provides for up to €86.5 billion in financial assistance to be made available to Greece over a period of three years (2015-2018) and requires a series of structural reform measures. A total buffer of up to €25 billion (out of the €86 billion) has been allocated to address the recapitalisation needs of viable banks and resolution costs of non-viable banks whilst the Fafa specifies the financial terms of the loan Greece will receive from the ESM. In accordance with the Memorandum of Understanding, the disbursement of funds is linked to progress in the delivery of certain policy conditions, reviewed and updated quarterly, that are intended to enable the Greek economy to return to a sustainable growth path based on sound public finances, enhanced competitiveness and investment, high employment and financial stability. Notwithstanding the Third Economic Adjustment Programme, the Greek economy will continue to be affected by the credit risk of other countries in the EU, the creditworthiness of commercial counterparties internationally and the repercussions arising from changes to the European institutional framework, which may contribute to continuing investor fears regarding Greece's capacity to honour its financial commitments.

The Greek Government managed to complete two sets of prior actions - reforms from the Third Economic Adjustment Programme at the end of November 2015 and in December 2015. This permitted the disbursement of two additional instalments of €3.0 billion in total, from the August 2015 first instalment of the ESM loan. By mid-December 2015, the four systemic banks' recapitalisations were completed with only approximately €5.4 billion from the initial buffer of up to €25 billion used.

On 25 May 2016, the Eurogroup agreed on a package of debt relief measures that will be phased in progressively, i.e. short-term, medium-term and long-term debt relief measures, as required, in order to ensure the sustainability of Greece's public debt. The short-term measures were expected to be implemented after the first review of the Third Economic Adjustment Programme. The medium-term measures implemented, if required, are expected to take place after the successful conclusion of the Third Economic Adjustment Programme (currently scheduled for August 2018).

In June 2016 in the context of the conclusion of the first review of the Third Economic Adjustment Programme, a supplemental memorandum of understanding was agreed, which updated certain of the policy conditions set out in the Memorandum of Understanding. The Memorandum of Understanding (as supplemented) states that the primary surplus target for Greece for 2016, 2017 and 2018 is 0.5 per cent., 1.75 per cent. and 3.5 per cent. of GDP, respectively.

On 22 May 2017, a preliminary technical agreement was reached between Greece and the Institutions in the context of the second review of the Third Economic Adjustment Programme, which had officially started in October 2016. On 15 June 2017, the Eurogroup welcomed the agreement on the second review of the Third Economic Adjustment Programme, reached between Greece and the Institutions after the implementation of a series of prior actions including structural reforms and fiscal structural measures amounting to 2 per cent. of GDP for the post program period. In a similar vein, the third review of the Third Economic Adjustment Programme was completed on 21 January 2018 after another series of structural reforms was successfully completed by the Greek authorities.

On 21 June 2018, Greece managed to conclude the fourth and last review of the Third Economic Adjustment programme. In addition, an agreement was reached on the medium term debt relief measures in the context of the 25 May 2016 Eurogroup's decisions. According to the decisions of the 21 June 2018 Eurogroup, the medium term debt relief measures include: (a) the further extension of the interest and amortization of the loan received under the Second Economic Adjustment Program and the extension of the aforementioned loan's maximum weighted average maturity by ten years, (b) the abolition of the step-up interest rate margin related to the debt buy-back tranche of the Second Economic Adjustment Program loan as of 2018 and (c) the use of the ECB and Eurosystem's Securities Markets Program and Agreement on Net Financial Assets profits for reducing Greece's gross financing needs and /or financing other agreed investments. Pursuant to the 21 June 2018 decision of the Eurogroup, items (b) and (c) above, will be subject to the conditionality and the quarterly reviews of the post-program surveillance process for the 2018-2022 period.

For the post programme period, Greece will be under an enhanced surveillance framework adapted to Greece in view of the longstanding crisis and challenges faced. Under this framework, the Greek authorities will persist the continuation, completion, and delivery of reforms agreed under the Third Economic Adjustment Programme. An additional list of reforms to be implemented between 2018 and 2022 was agreed between the Greece and the European Commission in the context of the enhanced post programme surveillance. Monitoring of the progress on structural reform will be undertaken by the Commission, in liaison with the ECB, and where appropriate, with the IMF. The ESM will also participate in the context of its Early Warning System as in all other instances of post-programme surveillance. Enhanced surveillance provides for quarterly reports, which will be the basis for the activation of policy contingent debt measures agreed in the Eurogroup statement of 22 June 2018. Furthermore, on 7 July 2018 the enhanced post-program surveillance scheme was activated by the European Commission.

On 6 August 2018 the ESM disbursed the last instalment under the ESM programme for Greece amounting €15.0 billion. The amount that has been disbursed to Greece by the end of the Third Economic Adjustment Programme is at circa €61.9 billion out of a financial envelope of up to €86.0 billion.



On 10 August 2018, Fitch upgraded Greece to BB- from B with a stable outlook on the basis of the conclusion of the fourth review, the end of the Third Economic Adjustment Programme and the improved economic and fiscal conditions. On 20 July 2018, S&P revised its outlook on Greece to positive from stable on improved policy predictability and growth prospects. On 25 June 2018, S&P upgraded the Greek sovereign rating from B to B+ with a stable outlook on the basis of the 21 June 2018 Eurogroup's decisions regarding the creation of a fiscal buffer aiming to facilitate the exit of the country to the international markets and on the debt maturity extensions. Moody's on September 26 kept Greece's sovereign credit rating unchanged at B3, with a positive outlook on the basis of improved economic performance. Moody's highlighted the risks that Greece is facing in the medium and long term including the restrictive fiscal policy due to the high debt levels that might have a significant effect on growth, the weak banking system with very high NPEs and the risk of reform fatigue, and the negative effects to potential growth that might originate from the expected adverse demographics and the brain drain due to the domestic labour conditions. The sovereign's rating is still significantly below the investment grade rating but the recent upgrades and the aforementioned progress on program implementation led to the improvement of the spread of the Greek 10-YR bonds by over the respective German bonds 114.9 basis points or 22.4 per cent. between the end of November 2017 and 3 October 2018.

On 10 August 2018 the ECB announced that Greece from 21 August 2018 shall no longer be considered a euro area Member State under a European Union/International Monetary Fund programme and therefore the conditions for the temporary suspension of the Eurosystem's credit quality thresholds in respect of marketable debt instruments issued or fully guaranteed by the Hellenic Republic, as set out in Article 8(2) of Guideline ECB/2014/31, will no longer be fulfilled. As a result, from 21 August 2018 onwards, the aforementioned marketable debt instruments will be subject to the standard haircuts set out in Guideline (EU) 2016/65 of the European Central Bank (ECB/2015/35).

Greece has encountered and continues to encounter significant fiscal challenges and structural weaknesses in its economy that led to concerns of a possible Greek exit from the Eurozone. However, this risk carries now a lower probability compared with mid 2015 since the current government was elected with a pro-reform programme in late September 2015, the main opposition party is pro-reformist as well and the Third Economic Adjustment Programme was concluded on 20 August 2018 with significant results achieved so far. The potential magnitude and range of effects that may occur if Greece were to exit the Eurozone are uncertain, but any exit or threat of exit could have a material adverse effect on the Issuer's operations and liquidity position, including the Issuer's ability to continue accessing ECB funding. In addition, the increased foreign currency exchange rate risk from the adoption of a national currency, which could be devalued significantly against other major currencies, could impact the Issuer's business, results of operations, financial condition and prospects. For further details on exchange risk see "*General risk factors – Exchange rate risks and exchange controls*".

Further, the negotiations in the first half of 2015, the failure to successfully complete the last review of the Second Economic Adjustment Programme, the ensuing financial, fiscal and political uncertainty, the imposition of capital controls, the referendum, the bank holiday and associated political uncertainty, the delayed conclusion of the reviews of the Third Economic Adjustment Programme, negatively affected consumer and investment confidence in the Greek economy and the trust between the Greek government and the Institutions, which still may jeopardise the benefits expected from the implementation of the Third Economic Adjustment Programme and the commitments which the Greek government undertook as a condition for the implementation of debt sustainability measures, thus leading to additional significant political and macroeconomic consequences. See "*Failure in realising the benefits of the Third Economic Adjustment Programme may have material adverse effects on the Issuer's business, results of operations, financial condition and prospects.*"

The current macroeconomic environment, adverse macroeconomic and political developments and uncertainty in Greece have had, and are likely to continue to have, a material adverse effect on the Issuer's business, results of operations, financial condition and prospects, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

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

The Group currently includes deferred tax assets calculated in accordance with IFRS as endorsed by the EU (DTAs) in calculating the Group's capital and capital adequacy ratios. As at 30 June 2018, the Group DTAs was €4.9 billion (31 December 2017: €4.9 billion).

The Group reviews the carrying amount of its DTAs at each reporting date, and such review may lead to a reduction in the value of the DTAs on the Group's statement of financial position, and therefore reduce the value of the DTAs as included in the regulatory capital.

Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (**CRD IV**) provides that DTAs recognised for IFRS purposes that rely on the future profitability of a credit institution and exceed certain thresholds must be deducted from its Common Equity Tier 1 (**CET1**) capital. This deduction will be implemented gradually until 2024.

The deduction introduced by CRD IV has a significant impact on Greek credit institutions, including the Group. However, as a measure to mitigate the effects of the deduction, article 27A of Greek Law 4172/2013, as introduced by paragraph 1 of article 23 of Greek Law 4302/2014 and amended by article 5 of Greek law 4303/2014, by article 4 of Greek law 4340/2015, and recently by paragraph 2 of article 43 of Greek Law 4465/2017 applicable from 2016 onwards, article 82 of Greek Law 4472/2017, paragraph 3 of article 80 of Greek Law 4484/2017 and paragraph 1 of article 114 of Greek Law 4549/2018 (the **DTC Law**) allows, under certain conditions, credit institutions to convert DTAs arising from the Private Sector Involvement (**PSI**) and the Greek State Debt Buy Back Program unamortised losses, as well as from the sum of (a) the unamortized part of the crystallized loan losses from write-offs and disposals, (b) the accounting debt write-offs and (c) the remaining accumulated provisions and other losses due to credit risk recorded up to 30 June 2015 reduced by the amount of any utilized tax credit and of any yearly amortization of crystallized loan losses from write-offs and disposals as well as any posterior specific tax provisions which are specifically attributable to the said accumulated provisions (the **Eligible DTAs** or **DTCs**) to final and settled claims against the Hellenic Republic (the **Tax Credits**). As at 30 June 2018, the Group's eligible DTAs amounted to €4.0 billion (31 December 2017: €4.0 billion).

Each time applicable income tax rates for the calculation of Eligible DTAs cannot exceed the rate applicable for the fiscal year 2015, i.e. 29 per cent. To be noted that article 58 of Greek Law 4172/2013, as recently amended by article 14 of Greek Law 4472/2017, provides for a decrease from 29 per cent. to 26 per cent. of the Greek corporate tax rate for legal persons and legal entities other than credit institutions for the tax years starting from 1 January 2019 and onwards, if certain preconditions in the context of the Third Economic Adjustment Program of Greece are met.

The main condition for the creation of Tax Credits is the existence of an accounting loss (after tax) at the Issuer standalone level for a respective year, starting from accounting year 2016 and onwards, for which Tax Credits can be created in the following year, i.e. from 2017. The Tax Credits will be calculated as a ratio of IFRS accounting losses after tax to net equity (excluding the IFRS year's losses after tax) and such ratio will be applied to the remaining Eligible DTAs in a given year to calculate the Tax Credit that will be converted in that year, in respect of the prior tax year. This legislation allows credit institutions, including the Group, to treat such Eligible DTAs as not "relying on future

profitability" according to CRD IV, and as a result such Eligible DTAs are not deducted from CET1, thereby improving an institution's capital position.

In April 2015, the European Commission announced that it had sent requests for information to Spain, Italy, Portugal and Greece regarding their treatment of deferred tax credits for financial institutions under national law. Even though the European Commission has not launched a formal investigation up to now, there can be no assurance that the tax provisions implemented by the DTC Law as described above, which was fashioned after the Portuguese DTC regulation, will not be challenged by the European Commission as illegal state aid. However, pursuant to article 82 of Law 4472/2017, which amended article 27A of Law 4172/2013 in May 2017, an annual fee of 1.5 per cent. is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate (i.e. currently 29 per cent.) and the tax rate applicable on 30 June 2015 (i.e. 26 per cent.). According to the Explanatory Report of Greek Law 4472/2017, which introduced the annual fee of 1.5 per cent. as above, such measure was implemented to address potential state aid issues. Further, for the period ended on 30 June 2018, an amount of €3.4 million has been recognized in the Issuer's income statement. Notwithstanding the above, there can be no assurance that any final interpretation of the amendments described above will not change or that the European Commission will not conclude that the treatment of the DTCs under Greek Law is illegal and as a result, Greek credit institutions will ultimately not be allowed to maintain certain DTCs as regulatory capital.

If the regulations governing the use of DTCs as part of the Group's regulatory capital change, this may affect the Group's capital base and consequently its capital ratios. As at 30 June 2018, 70.7 per cent. of the Group's CET1 capital was comprised of DTCs. If any of the above risks materialise, this could have a material adverse effect on the Group's ability to maintain sufficient regulatory capital, which may in turn require the Group to issue additional instruments qualifying as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Group's operating results and financial condition and prospects.

***Failure in realising the benefits of the Third Economic Adjustment Programme may have material adverse effects on the Issuer's business, results of operations, financial condition and prospects***

The fiscal targets for the period after the end of the Third Economic Adjustment Programme may not be met despite the measures already decided for the post-programme period and the Issuer cannot assess the effects of the measures implemented under the programme on general economic activity. Further, the Greek government may not be in a position to implement the required structural reforms in full on a timely basis. Failure to implement such reforms and to attain the fiscal targets, or to implement the commitments Greece undertook towards the European Institutions as part of the enhanced post-programme surveillance framework or further restructuring of the Greek debt, will increase the risk of the occurrence of an adverse credit event regarding Greece's public debt. Any risks relating to financial stability in Greece and the ability of Greece to fulfil its international obligations, either as such or in combination with other adverse developments (including, for example, aggravation of international financial conditions or at a Eurozone level), could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects, including:

- a significant increase in the provisions the Issuer record, mostly for loans;
- a reduction of the carrying amount of the Issuer's portfolio of Greek government debt and other securities;
- an impairment in the carrying amount of the Issuer's DTAs;
- a weakening of the Issuer's regulatory capital position;

- significant difficulties in raising funds and complying with minimum capital and funding regulatory requirements;
- a substantial reduction in the Issuer's liquidity;
- difficulty in achieving sustainable levels of profitability;
- increased ownership and control by the Greek state, including as a result of the provision of new capital support;
- forced consolidation in the banking sector; and
- imposition of resolution measures under Law 4335/2015, which implemented the Issuer Recovery and Resolution Directive (establishing a framework for the recovery and resolution of credit institutions and investment firms (the **BRRD**)).

Even in the post programme period, the Greek economy may not achieve the level of economic growth required to ease the financial constraints affecting the country and the markets and may not be able to achieve a permanent access in the international markets and may ask for a credit line or a new financing programme. Furthermore, if the Greek economy requires more time than expected to respond to social security, labour market and other structural reforms intended to enhance competitiveness or if fiscal effects of the recession are more severe than currently anticipated, the financial crisis may last longer than expected. In addition, any delay, defect or failure in the implementation of any of the above measures may have an adverse effect on the Greek banking sector in general and could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

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

On 28 June 2015, following the announcement of the ECB that it would not increase the ceiling for the ELA for Greece's banking system from the €89 billion limit agreed on 26 June 2015, the Greek government implemented cash withdrawal and capital transfer restrictions. At that time, the Eurosystem's support to Greek banks (directly through the ECB's main refinancing operations and indirectly through the ELA) amounted to €126.6 billion (of which the Issuer's Eurosystem funding totalled €32.7 billion), which exceeded 70 per cent. of Greece's GDP. According to the Bank of Greece, in July 2018, the Eurosystem's support to Greek banks amounted to €13.0 billion with ELA at €4.8 billion, a significant improvement compared to late June 2015. These capital controls have caused, and are likely to continue to cause, distress to the economy due to the loss of confidence in the Greek banking sector, the constriction in liquidity and the adverse effect on Greek exports, among other factors.

Although restrictions imposed by capital controls have been gradually reduced, capital control measures still remain in place, and any resulting decline in customer demand and customers' ability to service their liabilities, may lead to a further contraction of liquidity in the market and an increase in troubled assets, which, consequently, may have an adverse impact on the Issuer's liquidity, business, results of operations, financial condition and prospects. So long as capital controls are in place, the Issuer's operations are limited. Moreover, as and when such restrictions are further reduced or lifted, the Issuer may experience significant deposit outflows which could adversely affect the Issuer's business, financial condition, results of operations and prospects.

***The prolonged economic recession has placed significant pressure on companies and individuals in Greece, and the Issuer is exposed to their financial performance and creditworthiness***

As one of the systemic banks operating in Greece, the Issuer's business, results of operations, financial condition and prospects are exposed in many different ways to the economic and financial performance, creditworthiness, prospects and economic outlook of companies and individuals in Greece or with a significant economic exposure to the Greek economy. For example, the Issuer's business activities depend on the level of demand for banking, finance and financial products and services, as well as customers' capacity to service their obligations or maintain or increase their demand for the Issuer's services. Customer demand and customers' ability to service their liabilities depend considerably on their overall economic confidence, prospects, employment status, the state of public finances in Greece, investment and procurement by the central government and municipalities and the general availability of liquidity and funding on reasonable terms.

According to the Hellenic Statistical Authority, the Greek economy was in recession from 2008 to 2016 (with the exception of 2014 where positive growth of 0.4 per cent. of GDP was realised). Revised data based on the new European System of Accounts methodology (**ESA 2010**) shows that real GDP in Greece decreased by a total of 26.4 per cent. between 2008 and 2016. In 2017 real GDP growth rate turned positive at 1.4 per cent. for the first time since 2014 but lower compared to official sector forecasts. According to the European Commission's 2018 Spring forecast for 2018, real GDP growth is expected at 1.9 per cent., conditional on the already observed conclusion of the fourth review, ownership of reforms and a benign external environment. Real GDP growth rate is expected at 2.0 per cent., 2.4 per cent., 2.3 per cent., 2.1 per cent. and 1.8 per cent. in 2018, 2019, 2020, 2021 and 2022 respectively, according to the Medium Term Fiscal Strategy 2019-22 (MTFS2019-22).

On the fiscal front, Greece's primary surplus for 2017 was at 4.2 per cent. of GDP, according to the MTFS2019-22, outperforming the respective Third Economic Adjustment Programme primary surplus target of 1.75 per cent.. The respective primary surplus target for 2018, 2019, 2020, 2021 and 2022 is expected at 3.5 per cent. of GDP each year. The respective primary surplus targets for 2018, 2019, 2020, 2021 and 2022 are at 3.56 per cent., 3.96 per cent., 4.15 per cent., 4.53 per cent. and 5.19 per cent. of GDP respectively according to the MTFS 2019-22. The achievement of sustainable primary surpluses, at the level of 3.5 per cent. of GDP up to the end of 2022 with a gradual decrease afterwards, constitutes a necessary condition for the implementation of the medium term measures that ensure the sustainability of public debt, according to the 21 June 2018 Eurogroup's decisions.

The fiscal discipline measures introduced in the three successive Economic Adjustment Programmes have significantly reduced household disposable income and business profitability. The fiscal structural measures of circa 2 per cent. of GDP agreed in the context of second review of the Third Economic Adjustment Programme which are scheduled for 2019 and 2020, are expected to add further pressure, and consequently, to have a further adverse effect on the ability of households and businesses to service their loans and meet their other financial obligations to the Issuer and the other operators in the Greek banking sector.

Additional fiscal discipline measures and the potential deterioration in the business environment may further weaken the demand for loans. Further, the need to reduce Greek banks' dependence on Eurosystem funding has caused, and may further cause, the banks to decrease their lending activity even further.

In an environment characterised by continuing turbulence in the market, negative macroeconomic conditions and high levels of unemployment and the deterioration of credit profiles of corporate and retail borrowers and despite the return of real GDP to positive territory, the value of the assets which collateralise the loans the Issuer has extended, including houses and other immovables, could be further significantly reduced or could result in an increase in loans in arrears. Since the implementation of the Second Economic Adjustment Programme was never concluded, especially

with regard to the scheduled structural reforms, and further fiscal measures were required in addition to the ones already agreed upon, growth in economic and financial activity was much lower than expected in 2015-2016. In addition, the delays observed in the conclusion of the initial reviews of the Third Economic Adjustment Programme had a significant effect on the economic activity as well. According to the most recent Bank of Greece data, in July 2018, the private sector domestic credit balance stood at €177.2 billion from €188.8 billion in July 2017, a decrease of -6.2 per cent.. A significant part of these deleveraging was due to the reduction of the stock of Non-Performing Exposures (NPEs). These fell from €106.9 billion or 50. per cent. at the end of June 2016 to €88.6 billion or 47.7 per cent. at the end of June 2018, according to the most recent available data by the Bank of Greece. The Greek systemic banks, according to the business plans submitted to the Bank of Greece, aim at reducing their NPEs at €64.6 billion or 35.2 per cent. by the end of 2019. If the implementation of the commitments under the post-programme surveillance framework is also not successful, increase of financial activity may be significantly lower than expected for 2018 and the post-programme period, which could further delay the recovery of the Greek economy. Under the worst case scenario, a severe economic recession, coupled with increasing market uncertainty and volatility in asset prices, higher unemployment rates and declining consumer spending and business investment, could result in further substantial impairments in the values of the Issuer's loan assets, decreased demand for borrowings, increased deposit outflows (in the event that the current capital controls regime is reduced or lifted) and/or a significant increase in the level of NPEs.

Even following the exit from the economic adjustment programmes, the Greek economy may not achieve the sustained and robust growth that is necessary to ease the financial constraints on the country and improve conditions for foreign direct investment and the availability of funding from the capital markets. Failure of the Greek economy to achieve sustained and robust growth could adversely affect the Issuer's business, financial condition, results of operations and prospects.

***The Issuer's ability to obtain unsecured funding remains constrained and its access to the capital markets is limited, the Issuer remains dependent on the ECB and the Bank of Greece for funding and the Issuer's liquidity may be affected by their decisions***

Following lengthy periods of recession and weak economic growth in Greece and Europe, which has adversely affected the Issuer's credit rating, limiting the Issuer's access to international markets for funding, and the continued and sharp decline in the Group's deposits since 2009 increased considerably the Issuer's reliance on funding from the ECB and the Bank of Greece within the Eurosystem. The deterioration in the Issuer's credit rating has also resulted in increasing funding costs and the need to provide additional collateral in repurchase agreements and other collateralised funding agreements, including the Issuer's agreements with the ECB and the Bank of Greece. The severity of pressure experienced by Greece in its public finances has also restricted the Issuer's access to the capital markets for funding, particularly unsecured funding and funding from the short-term interbank market, because of concerns by counterparty banks and other creditors. The past uncertainties relating to the implementation of the Second Economic Adjustment Programme and the sovereign debt reduction through the PSI, as well as uncertainty relating to the post-programme period, have adversely affected and are expected to continue to adversely affect liquidity and profitability of the Greek financial system in general and of the Issuer in particular. Liquidity in the Greek banking system is limited, reflecting limited access to the market for financing since the end of 2009 and a sizeable contraction of the domestic deposit base since the end of 2010 and a heavy reliance on Eurosystem funding (directly through the ECB's main refinancing operations and indirectly through the ELA mechanism of the Bank of Greece), as well as more recently the imposition of capital controls. However, since 2015, the Issuer is experiencing a slight improvement in deposits from €29.7 billion as at 31 December 2015 to €33.8 billion as at 31 December 2017 and €36.4 billion as at 30 June 2018. Further, access to capital markets, though still limited, has been gradually improving as has been evidenced by the recent issuance by the Issuer of a 3-year €500 million Covered Bond under this Programme in late October 2017 (following a €750 million Covered

Bond issue by another Greek systemic Bank in early October and the Greek sovereign's 5-year issue in July 2017 and 7-year issue in February 2018).

The Issuer's ECB funding and funding from the Bank of Greece through the ELA (which has less strict collateral rules but carries a higher rate of interest, currently approximately 150 basis points above the interest rate charged on ECB funding), has increased considerably since the start of the Greek crisis, peaking in 2012 and again in 2015; since then, however, as market and liquidity conditions have been improving, the Issuer's dependence on ECB (and ELA in particular) funding, has been declining. As at 31 December 2017, the Issuer's net Eurosystem funding was €10.0 billion, out of which €7.9 billion involved funding from the ELA, compared to €13.9 billion of Eurosystem funding as at 31 December 2016. As of 30 June 2018 Eurosystem funding was €5.1 billion, of which funding from ELA was €3.8 billion.

The liquidity the Issuer receives from the ECB or the Bank of Greece may be adversely affected by changes in ECB or Bank of Greece regulations. In February 2015, due to the uncertainty around a successful conclusion of the review of the Second Economic Adjustment Programme, the ECB lifted (effective from 11 February 2015) the waiver previously applicable to marketable debt instruments issued or fully guaranteed by the Greek state that allowed these instruments to be used as collateral in Eurosystem monetary policy operations despite the fact that they did not fulfil minimum credit rating requirements. However, in June 2016 and following the completion of the first review of the Third Adjustment Programme, the ECB has reinstated this waiver and reduced the applicable haircuts. Further, as at 1 March 2015, bonds issued by a counterparty of the ECB and guaranteed by EEA government entities may no longer be used as collateral by the Issuer in the ECB's monetary policy operations, subject to the possibility of temporary derogations. On 10 August 2018 the ECB announced that Greece from 21 August 2018 shall no longer be considered a euro area Member State under a European Union/International Monetary Fund programme and therefore the conditions for the temporary suspension of the Eurosystem's credit quality thresholds in respect of marketable debt instruments issued or fully guaranteed by the Hellenic Republic, as set out in Article 8(2) of Guideline ECB/2014/31, will no longer be fulfilled. As a result, from 21 August 2018 onwards, the aforementioned marketable debt instruments will be subject to the standard haircuts set out in Guideline (EU) 2016/65 of the European Central Bank (ECB/2015/35).

The amount of funding available from the ECB or the Bank of Greece is tied to the value of the collateral the Issuer provides, including the market value of the Issuer's holdings of Greek government bonds, which may decline. If the value of the Issuer's assets decline, then the amount of funding that the Issuer can obtain from the ECB or the Bank of Greece will be correspondingly limited. In addition, if the ECB or the Bank of Greece were to continue to revise their collateral standards or increase the rating requirements for collateral securities such that these instruments are no longer eligible to serve as collateral, the Issuer's funding costs would be materially increased and the Issuer's access to liquidity limited. In addition, a continuation in deposit withdrawals and prolonged need for additional Eurosystem funding may lead to the exhaustion of available collateral required to raise funds from the Eurosystem. Any such constraints in the Issuer's ability to obtain funding could adversely affect the Group's business, financial condition, results of operations and prospects, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

***Should the capital controls be lifted, if a significant outflow of funds from customer deposits were to materialise, this could have an adverse liquidity impact, put upward pressure on the Issuer's costs of funding and have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects***

Historically, one of the Issuer's principal sources of funds has been customer deposits. Since the Issuer relies on customer deposits for the majority of the Issuer's funding, if the Issuer's depositors were to withdraw their funds at a rate faster than the rate at which borrowers repay their loans, or if

the Issuer is unable to obtain the necessary liquidity by other means, the Issuer would be unable to maintain the Issuer's current levels of funding without incurring significantly higher funding costs or having to liquidate certain of the Issuer's assets, or without increasing access to the Eurosystem under its then-current terms. As a result of political and financial uncertainty in 2015, the Greek banking system, including the Group, has experienced substantial deposit outflows, which have affected the Group's liquidity position. As at 30 June 2018 the Group's customer deposits were €36.4 billion, compared to €33.8 billion as at 31 December 2017.

Although domestic customer deposits have stabilised following the imposition of capital controls at the end of June 2015 and even improved in 2016, 2017 and 2018, there can be no assurance that such capital controls will not be eliminated or significantly relaxed or that the Group's customer deposits will not suffer further decreases in the future. Further, the general scarcity of wholesale funding since the onset of the economic crisis has led to a significant increase in competition for retail and corporate deposits in Greece. Eurobank faces competition from other Greek banks and Greek branches of foreign banks, many of which may have greater resources and superior credit ratings to the Issuer's own. Eurobank's competitors may be able to recover deposits faster than Eurobank can or secure funding at lower rates.

The ongoing availability of deposits to fund the Issuer's loan portfolio is subject to potential changes in certain factors outside of the Issuer's control, such as depositors' concerns regarding the economy in general, the financial services industry or the Issuer specifically, the risk of implementation of changes in the framework for supporting the financial credit institutions that are having problems by requiring the participation of their respective shareholders, their creditors and their unsecured depositors and/or initiatives for taxation of deposits, significant further deterioration in economic conditions in Greece and the availability and extent of deposit guarantees. Government or resolution authority interventions aimed at alleviating the financial crisis and preventing a potential bank failure are uncertain and carry additional risks. Unsecured depositors sharing the burden of the recapitalisation and/or liquidation of troubled banks, as well as the taxation of deposits, may result in a loss of customer confidence and lead to further outflows of deposits from the Greek banking system, which would have a material adverse effect on the Issuer's ability to operate as a going concern (see "*Risks Relating to the Issuer's Business — The new framework on bank recovery and resolution may adversely affect the composition of the Issuer's Board of Directors and management team and the Issuer's financial condition, results of operations and prospects*").

Any loss in customer confidence in the Issuer's banking business or in the banking sector in general could significantly increase the amount of customer deposit withdrawals, or increase the cost of deposits, in a short period of time. If the Issuer or its subsidiaries experience an unusually high level of withdrawals or are unable to replace such withdrawals, the unavailability of funding or higher funding costs may have an adverse effect on the Issuer's results, financial condition and prospects. Unusually high levels of withdrawals could prevent the Issuer or any entity of the Group from funding operations and meeting minimum liquidity requirements. In those circumstances, the Issuer and its subsidiaries and affiliates may not be in a position to continue operating without additional funding support, which the Issuer may be unable to secure. The cash withdrawal and capital transfer restrictions that are currently in place aim to prevent large scale and widespread withdrawals of bank deposits and safeguard the Greek banking system. Such restrictions, however, may not remain in place, and may be lifted in the near future. The Issuer cannot predict future legislative developments in connection with the capital controls imposed and their effect on the Issuer's customers and, consequently, their impact on the Issuer's financial condition.

### **The Issuer is exposed to the risk of political instability in Greece**

The Issuer's business, results of operations, the quality of the Issuer's assets and general financial condition are directly and significantly affected by political developments in Greece. Since 2009, there have been four parliamentary elections and one referendum on the bail-out measures proposed



by the Institutions, with voters going to the polls three times in 2015 alone. The current government of Prime Minister Tsipras holds a slim majority in the Greek Parliament but managed to pass a number of unpopular reforms as part of the Third Economic Adjustment Programme and further in accordance with the agreement for the implementation of debt sustainability measures per Eurogroup's decision of 21 June 2018. Note here that the next general elections are scheduled for late September 2019, while the local (municipalities) and regional elections as well as the European Parliament elections are already scheduled for the end of May 2019. If the passage of reform legislation is stalled in the Greek Parliament or if the economic environment and social tensions precipitate a change in government, this could result in political instability and market uncertainty. The current political, economic and budgetary challenges that the Greek government faces with respect to Greece's high public debt burden and challenging economic prospects may continue throughout 2018 and beyond. Any change in economic policy as a result of a change in government or a revision in policies could affect the Issuer's business and strategic orientation, which may adversely affect the Issuer's business, financial condition, results of operations and prospects.

### **The EU regulatory and supervisory framework may constrain the economic environment in Greece and adversely impact the operating environment of the Issuer**

In May 2013, two regulations were enacted by the European Parliament: (i) Regulation (EU) 473/2013 on common provisions for surveillance of draft budgetary plans of euro area member states, with special regimes for those subject to an excessive deficit procedure; and (ii) Regulation (EU) 472/2013 on enhanced economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious financial difficulties or in receipt of financial assistance. These two regulations, which became effective in May 2013, introduced provisions for tighter monitoring of countries' budgetary policies. In addition, greater emphasis is being placed on the debt criterion of the Stability and Growth Pact, under which Member States whose debt exceeds 60 per cent. of GDP (i.e. the EU's debt reference value) without diminishing at an adequate rate (i.e. by 5 per cent. per year on average over three years), such as Greece, would be required to take steps to reduce their debt at a pre-defined pace, even if their deficit is below 3 per cent. of GDP (the EU's deficit reference value). As a preventive measure, an expenditure benchmark, which implies that annual expenditure growth should not exceed a reference medium-term rate of GDP growth, has been implemented. A new set of financial sanctions has been introduced for Member States that do not comply with the excessive deficit procedure as described in Regulation 473/2013 of the European Union; such sanctions are triggered at a lower deficit level and use a graduated approach. Moreover, according to European Commission, Greece from 21 August 2018 is already fully integrated into the aforementioned European fiscal framework of economic and social policy coordination as. Synergies between the enhanced post-programme surveillance and European Semester processes will be maximised so as to ensure coherence and avoid undue burdens on the administration. Given the dimensions of Greece's public debt imbalance, these measures are likely to have the effect of limiting the government's capacity to stimulate economic growth through spending or through a reduction of the tax burden for a long period. Any limitation on growth of the Greek economy is likely to adversely affect the Issuer's business, financial condition, results of operations and prospects, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

### ***The Issuer may require additional capital in order to satisfy supervisory capital and liquidity requirements***

Eurobank is required by the Single Supervisory Mechanism (**SSM**) and the regulatory authorities in Greece and in other jurisdictions where Eurobank undertakes regulated activities to meet minimum capital and liquidity requirements. Based on the 2018 Basel III transitional rules, as at 30 June 2018, the Group had a phased in CET1 ratio of 14.8 per cent. and a phased in total capital adequacy ratio of 17.4 per cent. Based on full implementation of Basel III in 2024, as at 30 June 2018, the Group had a

fully loaded CET1 ratio of 11.9 per cent. and a fully loaded total capital ratio of 14.7 per cent. The Issuer's and the Issuer's regulated subsidiaries' ability to maintain required regulatory capital ratios could be affected by a number of factors, including the level of risk-weighted assets (RWAs). In addition, the Group's capital adequacy ratio will be directly affected by the Group's after-tax results, which could be affected, most notably, by a greater than anticipated worsening of economic and market conditions and, as a result, asset impairments. Eurobank may, therefore, in the future have insufficient capital resources to meet minimum regulatory capital and liquidity requirements. In addition, minimum regulatory requirements may increase in the future, such as pursuant to the supervisory review and evaluation process (SREP), and/or the manner in which existing applied regulatory requirements may change. Likewise, liquidity requirements may come under heightened scrutiny, and may place additional stress on the Issuer's liquidity demands in the jurisdictions in which Eurobank operates.

Any failure by the Issuer to maintain minimum regulatory capital ratios could result in administrative actions or other sanctions, which in turn may have a material adverse effect on the Issuer's operating results, financial condition and prospects or even result in the revocation of the Issuer's licence. (See "*REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC*"). If the Issuer is required to bolster its capital position, it may not be possible for the Issuer to raise additional capital from the financial markets or to dispose of marketable assets.

Effective management of the Issuer's regulatory capital is critical to the Issuer's ability to operate the Issuer's businesses, to grow organically and to pursue the Issuer's strategy. Any change that limits the Issuer's ability to manage the Issuer's balance sheet and regulatory capital resources effectively, including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or an inability to syndicate loans as a result of market conditions or otherwise or an inability to access funding sources could have a material adverse impact on the Issuer's financial condition and regulatory capital position which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

Stress tests analysing the banking sector will continue to be published by national and supranational regulators including the ECB and others. According to the respective ECB announcement in May 5 2018, the four Greek systemic banks, completed successfully the 2018 EBA stress tests. Loss of confidence in the banking sector following the announcement of stress tests regarding a bank or the Greek banking system as a whole, or market perception that any such tests are not rigorous enough, could have a negative effect on the Issuer's cost of funding and may thus have a material adverse effect on the Issuer's operations and financial condition, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner. Additionally, in the event of unfavourable outcomes of the periodical review on the Issuer's capital requirements conducted by national and supranational regulators, the Issuer could be required to implement further capital measures.

### ***IFRS 9 Financial Instruments***

From 1 January 2018, the Group implements IFRS 9 which introduces a new accounting framework for the recognition and measurement of credit losses. For information regarding the impact of the new standard please refer to the audited consolidated interim financial statements of the Issuer as of the period ended 30 June 2018 (note 2.3.2) which are included in "*Documents Incorporated by Reference*").

### ***The Issuer may not be able to preserve its customer base***

The Issuer's success depends on the Issuer's capacity to maintain high levels of loyalty among the Issuer's customer base and to offer a wide range of competitive and high quality products and services

to the Issuer's customers. In order to pursue these objectives, Eurobank has adopted a strategy of segmentation of its customer base, aimed at serving the various needs of each segment in the most suitable manner. Moreover, Eurobank seeks to maintain long-term financial relations with its customers through the sale of a full range of products and services. Nevertheless, Eurobank may not be able to continue to compete successfully with domestic and international banks in the future given the high levels of competition in Greece and in other countries where Eurobank operates. An increased emphasis in cost reduction may result in an inability to maintain high loyalty levels of the Issuer's customer base, in providing competitive products and services, or of maintaining high customer service standards, each of which may materially adversely affect the Issuer's business, financial condition, results of operations and prospects.

***The Issuer's wholesale borrowing costs and access to liquidity and capital depend on the credit ratings of both the Issuer and Greece***

A downgrade in the credit ratings of the Issuer or of Greece may have an adverse effect on the Issuer's access to and cost of funding, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

Negative publicity following a downgrade in the Issuer's credit rating may have an adverse effect on depositors' sentiment, which may increase the Issuer's dependence on Eurosystem and ELA funding. The Issuer is currently restricted in its ability to obtain funding in the capital markets and is dependent on the Eurosystem for funding, and any further reductions in the long-term credit ratings of the Bank or Greece could delay the Issuer's return to the capital and interbank markets for funding, increase the Issuer's borrowing costs and/or restrict the potential sources of funding available to the Issuer.

Since 2009, Greece has experienced a series of credit rating downgrades and in 2010 moved to below investment grade. Greece's credit rating was lowered by all three international credit rating agencies to selective default levels following the activation of collective action clauses in Greek government bonds subject to Greek law in late February 2012. Greece's sovereign ratings initially improved due to attainment of certain fiscal targets and the ongoing implementation of structural reforms under the First Economic Adjustment Programme and Second Economic Adjustment Programme. In 2015, however, Greece's credit rating was downgraded mainly due to the uncertainty over whether the Greek government would reach an agreement with official creditors in time to meet upcoming repayments on marketable debt. The conclusion of the second review of the Third Economic Adjustment Programme led to the upgrade of the Greek sovereign rating by Moody's from Caa3 to Caa2 on 23 June 2017 and to a revision of its outlook to positive from stable. On 18 August 2017, Fitch Ratings upgraded Greece's sovereign rating to B- from CCC, with a positive outlook, citing reduced political risk and sustained GDP growth. On 19 January 2018, S&P revised the Greek sovereign rating from B- to B citing improved growth and fiscal outlooks alongside a labour market recovering and amid a period of relative policy certainty. On 16 February 2018, Fitch Ratings upgraded the Greek sovereign rating from B- to B with a positive credit outlook and on 21 February 2018 Moody's also upgraded the Greek sovereign rating from Caa2 to B3, maintaining a positive outlook. Both rating agencies did so on the basis of improved fiscal conditions, on expectations at the time of a prompt conclusion of the Third Economic Adjustment Programme in August 2018 as well as on the expectation of an agreement on further debt relief measures by the end of the programme. More recently, on 25 June 2018, S&P raised its Greek sovereign rating to B+ from B and then, on 20 July 2018 raised also its outlook to positive from stable. S&P stated reduced refinancing risks for the government, increased possibility of market access at more favourable terms for both the sovereign and banking sectors while it mentioned that its positive outlook reflected its opinion that Greece's policy predictability is improving, as are its economic prospects. Finally, on 10 August 2018, Fitch Ratings upgraded its Greek sovereign rating to BB- from B stating that the completion of the final review of the Third Economic Adjustment Programme paved the way for a successful exit from the ESM Programme on 20 August 2018.

As at the date of this Base Prospectus, Greece had been given a Positive outlook on its rating by S&P and Moody's and Stable by Fitch, and its credit ratings are:

- S&P: "B+" (positive outlook)
- Fitch: "BB-" (stable outlook)
- Moody's: "B3" (positive outlook)

The Issuer's long-term credit ratings are:

- S&P: "B-" (stable outlook)
- Fitch: "CCC"
- Moody's: "Caa2 (stable outlook)"

Even though Greece has exited successfully from the ESM Programme on 20 August 2018, future Greek governments will be required to maintain primary surpluses for a long period and this could pose political challenges. Failure to effectively adhere to the policy commitments under the post programme framework could result in financial instability and a downgrade in Greece's rating.

Accordingly, the credit risk for Greece could increase further, with negative effects on the cost of risk and cost of funding for Greek banks and thereby on their results. In this case, downgrades of Greece's sovereign credit rating could also result in a corresponding downgrade in the Issuer's credit rating.

***Deteriorating asset valuations resulting from poor market conditions may adversely affect the Issuer's business, financial condition, results of operations and prospects***

The global economic slowdown and the economic crisis in Greece since 2008 have resulted in an increase in past due loans and significant changes in the fair values of the Issuer's financial assets. A substantial portion of the Group's loans to corporate and individual borrowers are secured by collateral such as real estate, securities, term deposits and receivables. In particular, as mortgage loans are one of the Group's principal assets (gross volume €16.4 billion as at 30 June 2018), the Group is currently highly exposed to developments in real estate markets, especially in Greece. From 2002 to 2007, demand for housing and mortgage financing in Greece increased significantly, driven by, among other things, economic growth, favourable expectations about the future prospects of the Greek economy, declining unemployment rates, demographic and social trends and historically low interest rates in the Eurozone. Based on Hellenic Statistical Authority data, construction activity has contracted sharply since 2009. Between the end of 2007 and the end of 2017, the cumulative decrease in gross fixed capital formation (in chain linked volumes) in total construction was 63 per cent. According to the latest available Bank of Greece data, the decline in housing prices that started in 2009 reached a minimum at the end of 2017. This decline was mainly due to the contraction of disposable income and high supply of houses available for sale. For the period between the fourth quarter of 2007 and the fourth quarter of 2017, apartment prices declined cumulatively by 41.5 per cent., according to the Bank of Greece. However, housing prices follow an increasing pattern in 2018. According to the most recent Bank of Greece data, apartment prices increased by 0.3 per cent. and 1.0 per cent. on an annual basis in the first and the second quarter of 2018 respectively.

Decreases in the value of collateral to levels lower than the outstanding principal balance of the corresponding loans, in particular with respect to loans granted in the years prior to the Greek economic crisis, an inability to provide additional collateral, a continued downturn of the Greek economy or a further deterioration of the financial conditions in any of the sectors in which the

Issuer's debtors conduct business may cause the Group to suffer further impairment losses and provisions to cover credit risk.

A decline in the value of the collateral securing the Group's loans may also result from a further deterioration of financial conditions in Greece or the other markets where the collateral is located, and may differ depending on the category of loan. In addition, the Issuer's failure to recover the expected value of collateral in the case of foreclosure, or the Issuer's inability to initiate foreclosure proceedings due to domestic legislation, may expose the Issuer to losses that could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. Specifically, foreclosures initiated by credit institutions in Greece for satisfaction of claims against the primary residence of debtors who meet certain eligibility criteria have been forbidden since 1 July 2010 until 31 December 2014, pursuant to various legislative texts, while, as a result of the capital controls, enforcement actions were suspended through 31 October 2015. Although there is currently no blanket restriction on enforcement such as the framework described above, this or a similar prohibition may be enacted in future periods, and the private debt resolution mechanism to be proposed by a special governmental council established by virtue of Law 4224/2013 may restrict the Issuer's ability to take enforcement measures against the Issuer's debtors in future periods. See "*REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC — Restrictions on Enforcement of Granted Collateral*".

In addition, an increase in volatility in financial, property and other markets or adverse changes in the marketability of the Issuer's assets could impair the Issuer's ability to value certain of the Issuer's assets and exposures. The value ultimately realised by the Issuer will depend on their fair value determined at the time of their valuation and may be materially different from their current carrying or book value. Any decrease in the value of such assets and exposures could require the Issuer to recognise additional impairment charges, which could adversely affect the Issuer's business, financial condition, results of operations and prospects, as well as the Issuer's capital adequacy, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

### **Risks Relating to Volatility in the Global Financial Markets**

#### ***The Group is vulnerable to the ongoing political disruptions and volatility in the global financial markets***

Following a lengthy period of recession in many economies around the world, including Europe, in the wake of the financial crisis, global economic growth has returned, although at a relatively modest pace and is uneven across countries. Most of the economies with which Greece has strong export links, including a number of European economies, continue to face high levels of private or public debt and elevated unemployment rates. Increasing downside risks on the back of a weaker external environment and heightened geopolitical risks may restrict the European economic recovery, which remains greatly dependent on accommodative monetary policy, with a corresponding adverse effect on the Group's business, results of operations and financial condition. Moreover, any material adverse effect on the financial and political resources of the EU as a result of the continuing Syrian war and the related refugee crisis, the relations with Turkey or the decision of the United Kingdom to leave the EU, could materially adversely affect the Greek State and the environment in which the Issuer operates.

The Issuer's results of operations, both in Greece and abroad, in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including: political and regulatory risks and the condition of public finances; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values; the availability and cost of funding; inflation; the stability and solvency of financial

institutions and other companies; investor sentiment and confidence in the financial markets; or a combination of any of the above factors.

On 23 June 2016 the United Kingdom held a referendum to decide on the United Kingdom's membership of the European Union. The United Kingdom vote was to leave the European Union. There are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the European Union. In March 2017 the United Kingdom formally requested the start of negotiations to exit the European Union. The negotiation of the United Kingdom's exit terms will have to be completed, if no postponement is accepted, until March 2019. Until the terms of the United Kingdom's exit from the European Union are clearer, it is not possible to determine the impact that the United Kingdom's departure from the European Union and/or any related matters may have on the Issuer and the Group including its ability to conduct business in the UK. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Covered Bonds and/or the market value and/or the liquidity of the Covered Bonds in the secondary market.

***The Issuer is exposed to risks faced by other financial institutions that are the Issuer's counterparties***

The Issuer routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Sovereign credit pressures may weigh on other financial institutions, limiting their funding operations and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity concerns have adversely impacted, and may continue to adversely impact, inter-institutional financial transactions in general. Concerns about, or a default by, one financial institution could lead to significant liquidity problems and losses or defaults by other financial institutions, as the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing and other relationships. Many of the routine transactions into which the Issuer enters exposes the Issuer to significant credit risk in the event of default by one of the Issuer's counterparties. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-side liquidity pressures or losses or an inability of the Issuer or other Group members to pay the debt. In addition, the Issuer's credit risk may be exacerbated when the collateral the Issuer holds cannot be enforced or is liquidated at prices not sufficient for the Issuer to recover the full amount of the loan or derivative exposure. A default by a significant financial and credit counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and capital position.

**Risks Relating to the Issuer's Business**

***The European Commission has the ability to exercise, and currently exercises, significant influence on the Issuer***

Greece, as part of the Second Economic Adjustment Programme, made a series of commitments to the European Commission regarding the restructuring of Greek banks that have received state aid, including the appointment of a monitoring trustee, who acts on behalf of the European Commission and aims to ensure the compliance of each bank with the corporate governance provisions and to monitor the implementation of the Restructuring Plan. As a result, the Issuer's management's discretion is subject to further oversight and certain decisions may be constrained by powers accorded to the Monitoring Trustee.

***The Hellenic Financial Stability Fund (HFSF) as shareholder has certain rights and may exercise significant influence over the Issuer on certain material decisions and over the Issuer's corporate governance framework.***

Following the completion of the Issuer's share capital increase in November 2015, fully covered by institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 35.41 per cent. to 2.38 per cent. Pursuant to Law 3864/2010 (the **HFSF Law**) as in force, on 4 December 2015, the Issuer and the HFSF entered into a relationship framework agreement replacing the previous one that was signed on 26 August 2014, which determines the relationship between the Issuer and the HFSF, including with respect to corporate governance matters (the **RFA**). For information on the HFSF Law, see "*REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC— Other Laws and Regulations Governing Banks in Greece*".

Under the terms of the RFA, the Issuer also has the obligation to seek and obtain the prior written consent of the HFSF in relation to the Group's Risk and Capital strategy documents especially the risk appetite statements and risk governance and any amendment, extension, revision or deviation thereof and the Group's Strategy, Policy and Governance regarding the management of its arrears and non-performing loans and any amendment, extension, revision or deviation thereof. (For further details regarding the RFA, see "*REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC — Other Laws and Regulations Governing Banks in Greece*").

Consequently, although the HFSF has undertaken certain commitments pursuant to the RFA to respect the Issuer's business autonomy and independence in the Issuer's decision-making, there is a risk that the HFSF may exercise the rights it has to exert influence over the Issuer and may disagree with certain decisions of the Issuer and the Group, which may ultimately limit the operational flexibility of the Group.

***The Group could be subject to a variety of risks as a result of implementing the Restructuring Plan***

The Restructuring Plan is based on macroeconomic assumptions in line with those provided by the HFSF and comprises a principal number of commitments to be implemented by 31 December 2018 (the **Commitments**), including, among others, the reduction of the Issuer's net loan to deposit ratio for the Issuer's Greek banking activities and the reduction of the Issuer's portfolio of foreign assets. Additional Commitments relate to the Issuer's credit policy and corporate governance, and include restrictions on, among others, the Issuer's ability to make certain acquisitions.

In the context of the recapitalisation of the Issuer in November 2015, the Restructuring Plan was revised and resubmitted for approval to the European Commission. On 26 November 2015, the European Commission approved the Issuer's revised restructuring plan (the **Revised Restructuring Plan**) as it concluded that the backstop provided by the HFSF as well as the Revised Restructuring Plan is in line with EU state aid rules.

The Revised Restructuring Plan is based on macroeconomic assumptions in line with those provided by the European Commission and the HFSF and comprises revisions to the Commitments undertaken by the Greek state under the Second Economic Adjustment Programme, to be implemented by 31 December 2018. The principal revisions to the Commitments include, among others, an extension of the timeframe within which the Issuer is required to reduce the net loan to deposit ratio for its Greek banking activities.

Following the successful completion of the Issuer's share capital increase in November 2015 and pursuant to the HFSF Law, as in force, on 4 December 2015, the Issuer and the HFSF entered into the RFA replacing the previous one that was signed on 26 August 2014. The RFA regulates, among other

topics, the implementation and monitoring of the Restructuring Plan, the Revised Restructuring Plan and its Commitments.

Although, in the period ended 30 June 2018, the Group has met/respected the remaining commitments of the restructuring plan, any inability on the Issuer's part to comply with the terms of the Revised Restructuring Plan and any potential revisions thereto, until final maturity, may result in the European Commission initiating a procedure to investigate the misuse of aid, which may result in the partial or entire recovery of state aid and/or the imposition of additional conditions, including limiting the Issuer's ability to support the Issuer's foreign subsidiaries or introducing additional limitations on the Issuer's ability to hold and manage the Issuer's securities portfolio, among other conditions, in line with previous requests to banks in the European Union that have received state aid.

Furthermore, if the European Commission decides that there has been a misuse of aid, the Hellenic Republic may be required to recover all or a portion of the state aid, which has been misused by returning all or a portion of the capital support that Eurobank has received from the HFSF. In addition, material obligations of the Group that are set forth in the Revised Restructuring Plan or further its implementation could be breached, and pursuant to article 7A, par. 4 of the HFSF Law, the HFSF could be entitled to exercise its voting rights deriving from the ordinary shares it owns from time to time without restrictions.

***Market fluctuations and volatility may result in significant losses in the commercial and investment activities of the Group***

The Issuer maintains positions in the Issuer's trading and investment portfolio that relate to the debt, currency, equity and other markets. These positions could be adversely affected by continuing volatility in financial and other markets as well as the Greek sovereign debt crisis, increasing the probability of substantial losses. Declines in perceived or actual values of the Group's assets have resulted from previous market events.

Continuing volatility and further dislocation affecting certain financial markets and asset classes could further impact the Group's results of operations, financial condition and prospects. In the future, these factors could have an impact on the mark-to-market valuations of assets in the Group's available-for-sale and trading portfolios and financial assets and liabilities for which the fair value option has been elected. In addition, any further deterioration in the performance of the assets in the Group's investment securities portfolios could lead to additional impairment losses. Investment securities accounted for 12 per cent. and 13 per cent. of the Group's total assets as at 30 June 2018 and 31 December 2017, respectively.

Volatility can also lead to losses relating to a broad range of other trading securities and derivatives that Eurobank holds, including swaps, futures, options and structured products. For further information on market risk exposures in those portfolios, see the section of this Base Prospectus entitled "*The Group is exposed to credit risk, market risk, liquidity risk, operational risk and litigation risk*".

***The increase of past due loans may have a negative impact on the Group's operations in the future***

The Group is subject to credit risk, which is the risk that a borrower may not meet its payment or repayment obligations and its creditworthiness may deteriorate with detrimental consequences to the Group. In general, the possible losses that the Issuer could incur with respect to the exposure of the Group to credit risk (both on an individual and a portfolio level) may depend, in addition to the applicable regulations and legal framework, on various circumstances, including macroeconomic conditions, the performance of specific sectors of the economy, the deterioration of the competitive position of the Issuer's borrowers, the downgrading of individual counterparties, the level of indebtedness of families, the performance of the real estate market and other circumstances that may



have an impact on the creditworthiness of the Issuer's counterparties and reduce the value of the collateral securing the loans. Adverse economic conditions could result in a further significant reduction of the value of security received by customers and/or the impossibility for customers to supplement the security received. A further deterioration in credit quality and the consequent significant increase of NPEs due to the borrowers' lower ability to meet their repayment obligations could result in adverse material effects on the Issuer's results of operations, business and financial condition. In addition, the deterioration in credit quality could result in higher provisions for impaired loans, which could result in adverse material effects on the Issuer's results of operations, business and financial condition, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

Loans more than 90 days past due (**90DPD**) represented 32.5 per cent. of the Issuer's loans as at 30 June 2018, compared to 33.4 per cent. as at 31 December 2017 and 34.7 per cent. as at 31 December 2016. The Issuer's consolidated NPE ratio decreased from 42.6 per cent. as at 31 December 2017 to 40.7 per cent. as at 30 June 2018. The effect of the economic crisis in Greece and adverse macroeconomic conditions in the countries in which Eurobank operates may result in further adverse effects on the credit quality of the Issuer's borrowers, with increasing delinquencies and defaults. As at 30 June 2018, the Group had cumulative provisions for impairment losses on loans and advances to customers of €10,555 million (representing a 90DPD coverage ratio of 70 per cent.), an increase of €421 million compared to €10,134 million as at 31 December 2017 and a decrease of €1,043 million compared to €11,598 million as at 31 December 2016. Any further deterioration in the credit quality of the Issuer's loan portfolio, and any resulting increase in delinquencies and defaults, could lead the Issuer to further increase the Issuer's provision for impairment losses, which could have a material adverse effect on the Issuer's capital position, financial condition and results of operations, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

***Volatility in interest rates may negatively affect the Issuer's net interest income and have other adverse consequences***

Interest rates are highly sensitive to many factors beyond the Issuer's control, including monetary policies and domestic and international economic and political conditions. Events in the future could alter the interest rate environment in Greece and the other markets in which the Group operates, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

As with any bank, changes in market interest rates may affect the interest rates Eurobank earn on its interest-earning assets differently than the interest rates Eurobank pay on its interest-bearing liabilities. This difference could reduce Eurobank's net interest income. Since the majority of Eurobank's loan portfolio effectively re-prices within a year, rising interest rates may also result in an increase in Eurobank's allowance for impairment on loans and advances to customers if customers cannot refinance in a higher interest rate environment. Further, an increase in interest rates may reduce Eurobank's clients' capacity to repay in the current economic circumstances.

***The regulation and reform of "benchmarks" (such as LIBOR and/or EURIBOR) may adversely affect the value or payment of interest under Covered Bonds linked to or referencing such "benchmarks"***

Interest rates and indices which are deemed to be "benchmarks" (including the London Inter-Bank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely, or have other

consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds linked to or referencing such a "benchmark".

The Benchmarks Regulation was published in the Official Journal of the European Union on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of a wide range of benchmarks (including LIBOR and EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. The Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

In addition, the sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. Additionally, in March 2017, the European Money Markets Institute (formerly Euribor-EBF) (the EMMI) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmarks Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. These reforms and other pressures may cause one or more interest rate "benchmarks" to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain "benchmarks" or have other consequences which cannot be predicted. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to or referencing a "benchmark".

Based on the foregoing, prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR and EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- (b) if LIBOR or EURIBOR is discontinued or is otherwise unavailable and an amendment as described in paragraph (c) below has not been made at the relevant time, then the rate of interest on the Floating Rate Covered Bonds will be determined for a period by the fall-back provisions provided for under Condition 5.2 of the Terms and Conditions of the Covered Bonds, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the London interbank market (in the case of LIBOR) or in the Euro-zone interbank market (in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed

rate based on the rate which applied in the previous period when LIBOR or EURIBOR was available; and

- (c) if LIBOR, EURIBOR or any other relevant interest rate benchmark is discontinued, there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate to allow the transactions under the Swap Agreements to effectively mitigate interest rate risk in respect of the Floating Rate Covered Bonds.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Covered Bonds and/or the Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Covered Bonds.

Moreover, any of the above matters or any other significant change to the setting or existence of LIBOR, EURIBOR or any other relevant interest rate benchmark could affect the ability of the Issuer to meet its obligations under the Covered Bonds and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds. Changes in the manner of administration of LIBOR, EURIBOR or any other relevant interest rate benchmark could result in adjustment to the Conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequences in relation to the Floating Rate Covered Bonds. No assurance may be provided that relevant changes will not occur with respect to LIBOR, EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Covered Bonds linked to or referencing a "benchmark".

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

Changes in consumer protection laws in Greece and other jurisdictions where the Group has operations could limit the fees that banks may charge for certain products and services such as mortgages, unsecured loans, credit cards and funds transfers and remittances. If introduced, such laws could reduce the Group's net income, which could affect the Issuer's business, financial condition, results of operations and prospects.

***Laws regarding the bankruptcy of individuals and laws governing creditors' rights in Greece and various European countries may limit the Group's ability to receive payments on past due loans***

Laws regarding the bankruptcy of individuals and other laws and regulations governing creditors' rights generally vary significantly within the region in which the Group operates. If the current economic crisis persists or worsens, bankruptcies could intensify, or applicable bankruptcy protection laws and regulations may change to limit the impact of the recession on corporate and retail borrowers. Such changes may have an adverse effect on the Group's business, operating results and financial condition.

***The Group's business is subject to increasingly complex regulation, which may increase the Issuer's regulatory and capital requirements***

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

pertaining to capital adequacy, liquidity and the scope of banks' operations, such as the CRD IV which was transposed in Greece pursuant to Law 4261/2014 in May 2014, and the CRR (see "*Regulation and Supervision of Banks in the Hellenic Republic*"). Under the CRD IV, the minimum CET1 capital ratio is now 4.5 per cent., the minimum Tier 1 capital ratio is now 6 per cent., and banks are required to gradually increase their capital conservation buffer to 2.5 per cent. by 2019 beyond existing minimum equity (i.e. 0.625 per cent. as at 1 January 2016, 1.25 per cent. as at 1 January 2017 and 1.875 per cent. as at 1 January 2018), raising the minimum CET1 capital ratio to 7 per cent. and the total capital ratio to 10.5 per cent. in 2019. These and any future changes to capital adequacy and liquidity requirements in Greece and the other countries in which the Group operates may require the Group to increase its Tier 1 and Tier 2 capital by way of further issues of securities, and could result in existing Tier 1 and Tier 2 securities issued by the Group ceasing to count towards its regulatory capital, either at the same level as at present or at all. As a result of these and other ongoing and possible future changes in the financial services regulatory framework (including requirements imposed by virtue of Eurobank's participation in any government or regulator-led initiatives, such as the Hellenic Republic Bank Support Plan), Eurobank may face stricter regulation, and compliance with such regulations may increase Eurobank's capital requirements and costs. Current and future regulatory requirements may be different across jurisdictions, and even requirements with EEA-wide application may be implemented or applied differently in different jurisdictions.

Compliance with these new requirements may increase the Issuer's regulatory capital and liquidity requirements and costs and the Issuer's disclosure requirements, restrict certain types of transactions, affect the Issuer's strategy and limit or require the modification of rates or fees that the Issuer charges on certain loans and other products, any of which could lower the return on the Group's investments, assets and equity, and in turn adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner. The Issuer may also face increased compliance costs and limitations on the Issuer's ability to pursue certain business opportunities. The new regulatory framework may have significant scope and may have indirect consequences for the global financial system, the Greek financial system or the Issuer's business, including increasing competition, increasing general uncertainty in the markets or favouring or disfavouring certain lines of business. The Issuer cannot predict the effect of any such changes on its business, financial condition, results of operations and prospects.

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

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

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

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

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

In line with Article 10(1) of the DGSD, DGS will have to collect contributions at least annually beginning on 3 July 2015 (the deadline for transposing the DGSD). From this date, pursuant to Article 13 of the DGSD, contributions will have to be risk-based, unless the appropriate authorities of a Member State have established that a DGS is not yet in a position to comply with Article 14 of the DGSD, in which case the risk-based requirement can be deferred, but no later than 31 May 2016.

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

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

***The new framework on bank recovery and resolution may adversely affect the composition of the Issuer's Board of Directors and management team and the Issuer's financial condition, results of operations and prospects***

The BRRD entered into force on 2 July 2014 with the aim of safeguarding financial stability and minimising taxpayers' contributions to bail-outs or exposures relating to credit institutions and investment firms considered to be at risk of failing. The BRRD was transposed into Greek law pursuant to Law 4335/2015 which came into force on 23 July 2015, except for the bail-in tool. The bail-in tool became effective on 1 November 2015 following the amendment of Law 4335/2015 by Greek law 4340/2015, except for certain provisions relating to certain eligible liabilities and the loss absorption requirement for the implementation of government financial stabilisation tools, which became effective as of 1 January 2016 (see "*REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC — Recovery and Resolution of Credit Institutions*").

The BRRD, as transposed into Greek law, provides for either the recovery or the resolution of credit institutions facing financial difficulties. Under the new regime, the national competent authority for credit institutions and the resolution authority are equipped with tools and powers to handle crises at the earliest possible moment. These tools and powers include preparatory and preventative measures

as well as early intervention measures (including, as the case may be, the removal or replacement of senior management or members of the board of directors of the credit institution concerned) to address emerging problems at an early stage. In the event that such measures prove to be insufficient and the financial situation of the credit institution concerned has significantly deteriorated or the credit institution has seriously infringed certain laws and/or regulations, the ECB may require the removal of senior management or the management body of the credit institution concerned, in its entirety or with regard to certain individuals, and the appointment of new senior management and a new management body subject to the approval of the ECB, or it may even appoint one or more temporary administrators to such institution.

Where a credit institution fails or is likely to fail and there is no reasonable prospect that any alternative solution would prevent such failure, Law 4335/2015 empowers the resolution authority to take resolution action, provided that this is necessary in the public interest, which is intended to ensure the continuity of the credit institution's critical services and manage its failure in an orderly fashion. The resolution powers and tools available to the resolution authority comprise the asset separation tool, the bridge institution tool, the sale of business tool and the bail-in tool. In addition, in the event of an extreme systemic crisis, extraordinary public financial support may be provided, in accordance with article 56 of Law 4335/2015, for the purpose of participating in the resolution of an institution with a view to meeting the objectives for resolution and preventing its liquidation. However, the provision of extraordinary public financial support shall be used as a last resort after having assessed and exploited the resolution tools, including the bail-in tool, to the maximum extent practicable whilst maintaining financial stability.

Under the BRRD, European banks will be required to maintain certain types of financial resources in order to meet the Minimum Requirement for own funds and Eligible Liabilities (**MREL**). These resources should be eligible to absorb losses or recapitalize the Issuer in resolution without recourse to taxpayers' money. The level of MREL will be bank specific and will be determined by the Resolution Authority based on various characteristics of each credit institution. The Resolution Authority has neither determined a binding MREL level for the Issuer yet, nor a timeline for compliance with a particular MREL level.

In view of establishing a single resolution process in the EU, the Single Resolution Fund (**SRF**) has been created to provide funding support for the resolution of banks and will be financed by bank levies raised at a national level (see "*REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC — Single Resolution Mechanism*"). The SRF would reach a target level of at least 1 per cent. of covered deposits of all credit institutions in Member States participating in the Banking Union over an eight-year period. During this transitional period, the SRF would comprise national compartments corresponding to each participating Member State. The resources accumulated in those compartments will be progressively mutualised over a period of eight years. The European Council has adopted an implementing act to calculate the contributions of banks to the SRF and an implementing regulation specifying uniform conditions of application of the SRM Regulation with regard to ex ante contributions to the SRF. In Greece, the scope and certain aspects of the operation of the HDIGF, the terms of participation of credit institutions, as well as the process for determining and paying contributions to its schemes are specified in Law 4370/2016 (see above).

The BRRD framework may materially and adversely affect the composition of the Issuer's Board of Directors and management team, the Issuer's financial condition, results of operations, prospects and credit ratings. For a description of the BRRD framework see "*REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC — Recovery and Resolution of Credit Institutions*".

***The Group conducts significant international activities outside of Greece and as a result, the Group is exposed to political instability and other risks in these countries***

In addition to the Issuer's operations in Greece, Eurobank has substantial operations in Bulgaria, Serbia, Cyprus and Luxembourg. The Issuer's international operations, accounted for 14 per cent. of its gross loans as at 30 June 2018 (compared to 14 per cent. as at 31 December 2017) and 23 per cent. of its net interest income for the period ended 30 June 2018 (compared to 23 per cent. for the period ended 30 June 2017). The Issuer's international operations are exposed to the risk of adverse political, governmental or economic developments in the countries in which Eurobank operates. Furthermore, the majority of the countries outside Greece where the Group conducts business are "emerging economies" in which the Group faces particular financial and operational risks. These factors could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. The Issuer's international operations also expose Eurobank to foreign currency risk. A decline in the value of the currencies in which the Issuer's international subsidiaries receive their income or value their assets relative to the value of the euro may have an adverse effect on the Issuer's results of operations and financial condition.

***If the Group's reputation is damaged, this would affect its image and customer relations, which could adversely affect the Issuer's business, financial condition, results of operation and prospects***

Reputational risk is inherent to the Group's business activity. Negative public opinion towards the Group or the financial services sector as a whole could result from real or perceived practices in the banking sector in general, such as money laundering, negligence during the provision of financial products or services, or even from the way that the Group conducts, or is perceived to conduct, its business. Negative publicity and negative public opinion could adversely affect the Group's ability to maintain and attract customers, in particular, institutional and retail depositors, which could adversely affect the Group's business, financial condition, results of operations and prospects and, in an extreme case, could lead to an accelerated outflow of funds from customer deposits which could result in the Issuer or another member of the Group being unable to continue operating without additional funding support, which it may not be able to secure.

***The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgments and estimates that may change over time or may not be accurate***

In establishing the fair value of certain financial instruments, the Group relies on quoted market prices in an active market or, where the market for a financial instrument is not sufficiently active, fair value is determined based on other valuation techniques that include the use of valuation models which utilise observable financial market data and minimise unobservable inputs. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in financial market conditions. In such circumstances, the Group's internal valuation models in order to establish fair value, require the Group to make assumptions, judgments and estimates depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. These internal valuation models are complex, and the assumptions, judgments and estimates the Group is required to make often relate to matters that are inherently uncertain, such as areas of credit risk, volatilities and correlations. Such assumptions, judgments and estimates may need to be updated to reflect changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on the Group's earnings and financial condition. In addition, market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and has made it difficult to value certain of the Group's financial instruments. Valuations in future periods, reflecting prevailing market conditions, may result in changes in the fair values of these instruments, which could have a material adverse effect on the Group's financial condition, results of operations and prospects and in turn may

adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

***The Group is exposed to credit risk, market risk, liquidity risk, operational risk and litigation risk***

As a result of the Group's activities, the Group is exposed to a variety of risks. Among the most significant of these risks are credit, market, liquidity and operational. The Group's failure to effectively manage these risks could have a material adverse effect on the Group's business, financial condition, results of operation and prospects, which may adversely affect the Group's business, financial condition, results of operations and prospects.

*Credit Risk*

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to fulfil its payment obligations. Impairment provisions are recognised as losses incurred at the balance sheet date. Significant changes in the economy or in the state of a particular sector of activity forming an important part of the Group's portfolio may lead to losses differing from those recognised on the balance sheet date.

*Market Risk*

The Group is exposed to market risks. Market risks are created by open positions in interest rate products, products based on exchange rates or shares, or a combination thereof, which are affected by general and specific market fluctuations. More specifically, the market risks to which the Group is exposed are as follows:

(a) Interest rate risk

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

(b) Currency risk

The Group's financial position and cash flows are exposed to risk from the effects of fluctuations in the prevailing foreign currency exchange rates in relation to the reference currency (EUR).

(c) Equity risk

Equity price risk is the risk of decrease in fair values as a result of changes in equity indices and the value of individual stocks. The exposure to fluctuations in equity prices that the Group undertakes arises mainly from the investment portfolio.

*Liquidity Risk*

The Group is continuously exposed to liquidity risks due to deposit withdrawals, maturity of medium- or long-term notes, loan drawdowns and guarantees. Furthermore, changes in secured funding transactions (repo-type agreements with the market), secured funding facilities with central banks and risk mitigation contracts involving provisions of collateral in the form of cash (CSAs, GMRA) result in variations in the levels of liquidity that the Group holds at any point in time.



Since 2011 and as a result of the Greek debt crisis, Greek banks had to rely on the ECB and the Bank of Greece for a significant part of their funding requirements. As at 30 June 2018, the financing received by the ECB and the Bank of Greece, net of related costs, amounted to €5.1 billion, compared to €10.0 billion as at 31 December 2017.

Continuing volatility as a result of market forces that are beyond the Group's control may lead to a deterioration of the Group's liquidity position. Such deterioration would increase both the funding requirement from the ECB and Bank of Greece and the cost of funding, thus affecting the Group's capital generating capacity and capital ratios, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

#### *Operational Risk*

Operational risk is the risk of loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. The events associated to internal processes include, but are not limited to, fraud and mistakes by employees, clerical and record-keeping errors and information system malfunctions or manipulations. External events include floods, fires, earthquakes, civil unrest or terrorist attacks, fraud by outsiders and equipment failures. Finally, Eurobank may also fail to comply with regulatory requirements or conduct of business rules.

#### *Litigation Risk*

In the context of Issuer's daily activities, it cannot be excluded the possibility that legal risks may arise from a variety of reasons, including different approaches on legal issues adopted by jurisprudence, or legislative provisions regulating already established legal relationships.

The Issuer however, conducts its operations pursuant to applicable laws and takes all necessary measures to comply with legislative framework. Regarding legal proceedings see *Eurobank Ergasias S.A. - Legal Matters*, below.

#### ***The Issuer is exposed to the risk of fraud and illegal activities***

Like all financial institutions, Eurobank is exposed to risks of fraud and other illegal activities, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. Although Eurobank believes that it has effective policies designed to prevent fraud, the Group's risk management procedures may not be able to eliminate all cases of fraud.

The Group is also subject to rules and regulations related to money laundering and terrorism financing. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although Eurobank believes that its current anti-money laundering and anti-terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, Eurobank may not be able to comply at all times with all rules applicable to money laundering and terrorism financing as extended to the whole Group and applied to the Issuer's workers in all circumstances. A violation, or even any suspicion of a violation, of these rules may have serious legal and financial consequences, which could have a material adverse effect on the Issuer's business, reputation, financial condition, results of operations and prospects.

#### ***The Issuer's economic hedging may not prevent losses***

If any of the variety of instruments and strategies that Eurobank uses to economically hedge the Issuer's exposure to market risk is not effective, Eurobank may incur losses. Many of the Issuer's strategies are based on historical trading patterns and correlations. Unexpected market developments therefore may adversely affect the effectiveness of the Issuer's hedging strategies. Moreover,

Eurobank does not economically hedge all of the Issuer's risk exposure in all market environments or against all types of risk. The Group is exposed to several types of risk including, but not limited to, counterparty risk, which is taken into consideration in the valuation of the fair values of the various items, or currency risk from the Issuer's participations in certain non-Eurozone foreign subsidiaries, where currency derivatives against local currencies may be unavailable. These risks are described in detail in "*The Issuer is exposed to credit risk, market risk, liquidity risk, operational risk and litigation risk—Credit Risk*" and "*The Issuer is exposed to credit risk, market risk, liquidity risk, operational risk and litigation risk —Market Risk*". Even when Eurobank is able to hedge certain of the Issuer's risk exposures, the methodology by which certain risks are economically hedged may not qualify for hedge accounting, in which case, changes in the fair value of such instruments are recognised immediately in the income statement, which may result in additional volatility in the Group's income statement.

#### ***Transactions in the Issuer's portfolio involve risks***

The Issuer carries out various proprietary activities, such as trading in primary and secondary markets for government/corporate securities or interest rate futures. The management of the Issuer's portfolio includes taking positions in fixed income via cash and derivative products and other financial instruments. Trading on account of the Issuer's portfolio carries risks, since the Issuer's results from proprietary trading depend on market conditions. Moreover, the Issuer relies on a vast range of reporting and internal management tools in order for its management to be able to report its exposure in such transactions correctly and in due time. Eurobank may incur losses from proprietary trading, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects and in turn may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

#### ***The Issuer's loan portfolio in Greece may continue to contract***

In the current recessionary economic environment, the Group's loan portfolio in Greece may continue to contract, and the Group's loan portfolio outside of Greece may not grow at historic rates or may even contract. Furthermore, the number of high credit quality customers in the markets that the Group targets is limited. Developments in the Issuer's loan portfolio will be affected mainly by, among other factors, the health of the Greek economy and the smooth transition out of the Third Economic Adjustment Programme, including by implementation of a series of commitments agreed with the Eurogroup as at 22 June 2016 and successful completion of the enhanced surveillance framework. Continued contraction of the Issuer's loan portfolio, in combination with past due loans, may limit the Issuer's net interest income, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects and in turn may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

***The Group's operational systems and networks have been, and will continue to be, exposed to an increasing risk of continually evolving cybersecurity or other technological threats, which could result in the disclosure of confidential customer or corporate information, put at risk the Group's reputation, increase costs to the Group, or even cause regulatory penalties and financial or other claims***

Certain of the Group's operations, including those outsourced to third parties, rely on the secure processing, storage and transmission of confidential and other information. The Group stores an extensive amount of personal and other customer-specific information for its retail, corporate and governmental customers and must accurately and securely record, process and reflect their extensive account transactions. The proper functioning of the Issuer's payment systems, financial and sanctions controls, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Issuer's operations. These activities have been, and

will continue to be, subject to an increasing risk of cyber-attacks. The Group's computer systems, software and networks have been and will continue to be exposed to technological failure or cyber-threats including, but not limited to, unauthorised access, intentional or inadvertent loss or destruction of data (including confidential customer information), denial of service, computer viruses or other malicious code and other events. If one or more of these events occurs, it could result in the disclosure of confidential customer or corporate information, disruptions or malfunctions in the operations of the Group, its customers or other third parties, putting at risk the Group's reputation with its customers and the market, and even causing regulatory penalties and financial claims, against both the Group and its customers. While the Group maintains insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks effects such as fraud and financial crime, such insurance coverage may have limitations in covering all losses, which may adversely affect the Issuer's ability to pay interest and principal on the Covered Bonds in full and in a timely manner.

#### ***Additional taxes may be imposed on the Group***

Law 4334/2015 imposed an increase in the corporate income tax rate for legal entities from 26 per cent. to 29 per cent. for fiscal years 2015 and onwards. In addition, in the event that the Greek state does not achieve fiscal adjustment targets or otherwise is required to take further fiscal adjustment measures, the above tax rate may be further increased and additional taxes, contributions and levies may be imposed on companies established and operating in Greece, which may adversely affect the Issuer and its Greek subsidiaries.

Additional taxes and penalties may be imposed on Group companies with respect to unaudited tax years, subject to the statute of limitation applicable to each entity based on local tax legislation. Any additional taxes imposed on the Issuer in the future, or any increases in tax rates, may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

For the years ended 31 December 2011 to 31 December 2016, Group entities in Greece have obtained an "unqualified" annual tax certificate from external auditors, while for 2017 the tax audit from external auditors has been essentially completed without any significant findings.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may in principle be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the taxpaying company.

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

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement and/or Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

### ***Risks related to the Covered Bonds***

#### *Extendable obligations under the Covered Bonds*

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

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

### *Appointment of a replacement Servicer*

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

In the event that no substitute servicer is appointed pursuant to the Transaction Documents, continuation of the servicing is ensured as follows:

- In the event of the Issuer's insolvency under Greek Law 4261/2014 as in force, including the appointment of an administrator (Epitropos) pursuant to article 137 of Greek Law 4261/2014, the order for the implementation of any other resolution measure pursuant to Greek Law 4335/2015 (share capital increase, mandatory transfer of assets, establishment of an interim credit institution) or the placing of the Issuer under special liquidation pursuant to article 145 of Greek Law 4261/2014, the Bank of Greece may appoint a servicer, if the Trustee fails to do so. Any such person appointed shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed. Such replacement might not be made immediately upon the Issuer's insolvency.

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

### *Limited description of the Cover Pool*

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

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

There is no assurance that the characteristics of the Loan Assets assigned to the Cover Pool will be the same as those Loan Assets in the Cover Pool as at that date. However, each Loan Asset will be required to meet the Individual Eligibility Criteria and be subject to the representations and warranties set out in the Servicing and Cash Management Deed. In addition, the Nominal Value Test is intended to ensure that the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than 80 per cent. of the Nominal Value of the Cover Pool for so long as Covered Bonds remain outstanding (although there is no assurance that it will do so) and the Asset Monitor will provide an annual agreed upon procedures report on the required tests by the Bank of Greece (including Nominal Value Test) where exceptions, if any, will be noted.

### *No due diligence on the Cover Pool*

None of the Arrangers nor the Dealers have or will undertake any investigations, searches or other actions in respect of any assets contained or to be contained in the Cover Pool but will instead rely on the representations and warranties provided by the Issuer in the Programme Agreement.

### *Ratings of the Covered Bonds*

The credit ratings assigned to the Covered Bonds address:

- (i) the probability of default and loss given default; and
- (ii) the likelihood of ultimate payment of principal in relation to Covered Bonds on (a) the Final Maturity Date thereof.

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

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union (**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). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

### *Rating Agency Confirmation in respect of Covered Bonds*

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

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

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

#### *Covered Bonds not in physical form*

Unless the Bearer Global Covered Bonds or the Registered Global Covered Bonds are exchanged for Bearer Definitive Covered Bonds or Registered Definitive Covered Bonds, respectively, which exchange will only occur in the limited circumstances set out under "*Forms of the Covered Bonds – Bearer Covered Bonds*" and "*Forms of the Covered Bonds – Registered Covered Bonds*" below, the beneficial ownership of the Covered Bonds will be recorded in book-entry form only with Euroclear and Clearstream, Luxembourg. The fact that the Covered Bonds are not represented in physical form could, among other things:

- result in payment delays on the Covered Bonds because distributions on the Covered Bonds will be sent by or on behalf of the Issuer to Euroclear or Clearstream, Luxembourg instead of directly to Covered Bondholders;
- make it difficult for Covered Bondholders to pledge the Covered Bonds as security if Covered Bonds in physical form are required or necessary for such purposes; and
- hinder the ability of Covered Bondholders to resell the Covered Bonds.

#### *Covered Bonds issued under the Programme*

Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series). All Covered Bonds will rank *pari passu* and rateably without any preference or priority among themselves, irrespective of their Series, except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

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

#### *Further Issues*

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

- (i) the Statutory Tests will be required to be met both before and immediately after any further issue of Covered Bonds; and
- (ii) on or prior to the date of issue of any further Covered Bonds, the Issuer will be obliged to notify the Rating Agencies.

### *Obligations under the Covered Bonds*

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

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

Pursuant to the terms of the Trust Deed and the Deed of Charge, the Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors (other than the Swap Providers in respect of modification to the Pre Event of Default Priority of Payments, the Post Event of Default Priority of Payments, the Conditions of the Covered Bonds, the Individual Eligibility Criteria or the Servicing and Cash Management Deed which in each case adversely affects their interests (such consent not to be unreasonably withheld or delayed)), concur with the Issuer or any person in making or sanctioning any modification to the Transaction Documents and the Terms and Conditions of the Covered Bonds:

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

and in each case, the Issuer has confirmed in writing to the Trustee that such modification will not adversely affect the then current ratings of the Covered Bonds.

### *Certain decisions of Covered Bondholders taken at Programme level*

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

### *Absence of active and liquid secondary market*

There is not, at present, an active and liquid secondary market for the Covered Bonds, and no assurance is provided that a secondary market for the Covered Bonds will re-emerge. The Arranger is not obliged to and do not intend to make a market for the Covered Bonds. None of the Covered Bonds has been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*". If a secondary market does re-emerge, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield.

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



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

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

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

#### *General legal investment considerations*

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

*The circumstances in which the resolution authority may exercise the bail-in tool or other resolution tools pursuant to Greek law 4335/2015 or other future statutes or regulatory acts are vague and such uncertainty may have an impact on the value of the Covered Bonds*

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

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

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

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

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

### *Covered Bonds subject to optional redemption by the Issuer*

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

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

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

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

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

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

### ***Risks in relation to Pass-Through Covered Bonds***

If as a result of the occurrence of an Issuer Event a Series of Covered Bonds becomes a series of Pass-Through Covered Bonds, there is a risk that Covered Bondholders of such series receive principal repayments earlier than expected, which may result in a lower yield on such Covered Bondholders' investment than expected.

If as a result of the occurrence of a breach of the Amortisation Test all Series of Covered Bonds become Pass-Through Covered Bonds, there is a risk that, as a consequence of all Covered Bonds becoming Pass-Through Covered Bonds, the speed of repayment of such Pass-Through Covered

Bonds will be reduced, because the available funds for repayment will be divided pro rata with respect to all Covered Bonds. In such case, it is likely that the repayment of such Covered Bonds will take longer. Covered Bondholders should be aware that the period in which the Issuer can repay Covered Bonds on a pass-through basis is designed to match the underlying maturities of the loans comprising

the Cover Pool and as a result any Series of Pass-Through Covered Bonds may take a considerable time to be redeemed in full.

### **General risk factors**

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

*The Conditions of the Covered Bonds contain provisions which may permit their modifications and waiver of any breach without the consent of all investors*

The conditions of the Covered Bonds contain provisions for calling meetings of Covered Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority. Further, the conditions of the Covered Bonds contain provisions allowing the Trustee to agree to changes without the consent of any Covered Bondholder, including substitution of the Issuer pursuant to Condition 18 (*Substitution of the Issuer*).

### *Insurance*

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

### *Suspension of Enforcement Proceedings*

There are various provisions of Greek law which could result in enforcement proceedings against a Borrower being delayed or suspended, either on account of Borrower's defence against the Issuer's enforcement actions or in the context of various insolvency regimes enacted over the last years which grant immunity on the applicant's assets from creditors' enforcement actions.

Enforcement proceedings are usually commenced against a Borrower in respect of a Loan once it becomes 180 Days in Arrears, at which point the Loan is terminated; enforcement against the Borrower's assets is court-driven and based on a mandatory sale via auction of the property against which enforcement is initiated. Once the Loan is terminated, the notice of termination of the Loan is served to the Borrower; if the Borrower does not respond by paying the respective outstanding amount, an order of payment is obtained from the Judge of the competent Court of First Instance. Enforcement is commenced by service of the order for payment and a demand to pay on the Borrower, with the ultimate target being the collection of the proceeds of the auction of the relevant property securing the Loan. However, a Borrower may delay enforcement against the relevant property by contesting the order for payment and/or the procedure for enforcement and requesting suspension of enforcement proceedings against their property until the next enforcement milestone. The procedure can take up to approximately four and a half years. For further details, see "*The Mortgage and Housing Market in Greece - Enforcing Security*" and "*Restrictions on Enforcement of Granted Collateral*" below.

Recent reforms of the Greek Civil Procedure Code by virtue of Greek Law 4335/2015 and Greek Law 4472/2017 aim at speeding up the conducting of enforcement proceedings, among others by limiting

Borrowers' right to contest enforcement procedures to specific grounds and specific instances and imposing that auctions are held exclusively electronically. However, it should be noted that the new regime remains largely untested. It is yet unknown whether the implementation of such new regime will succeed its aims (especially whether the Competent Courts of First Instance will be in a position to observe the strict deadlines for the hearing of the relevant annulment petitions and the issuance of decisions thereon). Therefore, the length, complexity and uncertainty of success of enforcement procedures in Greece may lead to a substantial delay in recovering any amounts due under any defaulted or delinquent loan which may adversely affect the Issuer's ability to meet its obligations under the Covered Bonds.

In addition there is a series of legal frameworks governing the insolvency of individuals, professionals and corporates, in addition to the Greek Bankruptcy Code, namely Law 4307/2014 (Special Procedures for Over-Indebted Business Undertakings and Professionals), Law 3869/2010 (Settlement of amounts due by over-indebted individuals) and Law 4469/2017 (Out-of-Court Settlement of Business Debts), which include process whereby a debtor may request and be granted debt write-offs, implementation of restructuring schemes and/or suspension of enforcement against such debtors' assets subject to the debtor meeting the relevant eligibility criteria provided under each law. Most of these processes pre-condition a court ratification of a restructuring plan submitted thereto by the applicant. For further details, see "*Regulation and Supervision of Banks in the Hellenic Republic - Special Procedures for Over-Indebted Business Undertakings and Professionals, Settlement of amounts due by over-indebted individuals, Out-of-Court Settlement of Business Debts*". These laws may have an adverse effect on the timing and amount of collections under certain loans concluded with borrowers that fall under the scope and make use of its provisions, which may in turn affect the Issuer's ability to meet its obligations in respect of the Covered Bonds.

#### *Auction Proceeds*

The proceeds of an auction following enforcement against a property securing a Loan must be allocated in accordance with Articles 975, 976 and 977 of the Greek Civil Procedure Code. The proceeds are allocated among participating creditors, depending on their classification; in particular:

- (a) preferred creditors under Article 975 of the Greek Civil Procedure Code, namely (in the following ranking order):
  - (i) claims for hospitalisation and funeral costs of the Borrower and his family arising 12 months before the auction or declaration of bankruptcy as well as compensation claims against Borrowers, due to disability more than 80 per cent., save for the compensation for moral damages, provided that such claims have arisen until the date of the auction or the declaration of the bankruptcy;
  - (ii) costs for the nourishment of the Borrower and his family arising in the previous six months before the auction or declaration of bankruptcy;
  - (iii) claims against the relevant Borrower pursuant to employment relationships as well as claims of lawyers, entitled to a fixed periodic fee payment, for fees, expenses and compensation arising in the previous two years prior to the auction date (however, this time limit does not apply to claims of compensation for termination); further, claims of the Hellenic Republic against the relevant Borrower in respect of Value Added Tax and any attributable or withholding taxes and related surcharges and interests thereon; claims against the relevant Borrower of social security funds subject to the responsibility of the General Secretariat of Social Security (which should not be relevant for the majority of Borrowers who are not professionals), as well as compensation claims in case of death of person liable for nutrition, claims against the

relevant Borrower of persons suffering disability at the level of 67 per cent. or more, arising until the time of the auction or the declaration of bankruptcy;

- (iv) claims by farmers or farming partnerships arising from the sale of agricultural goods during the previous year before the auction date or the declaration of bankruptcy;
  - (v) claims of the Greek state and municipal authorities that arise out of any cause, including interests and surcharges;
  - (vi) claims by the Athens Stock Exchange Members' Guarantee Fund (if the borrower is or was an investment services company within the meaning of Greek Law 3606/2007 of the Hellenic Republic) arising two years prior to the auction date or the declaration of bankruptcy (this should not be relevant for any Borrower).
- (b) secured creditors (i.e. secured creditors through a mortgage or mortgage pre-notation over the property); and
- (c) unsecured creditors.

In case of concurrence of preferred creditors, secured creditors and unsecured creditors, the proceeds with respect to enforcement proceedings initiated from 1 January 2016 onwards are allocated as follows:

- up to 65 per cent. to the secured creditors (any surplus is allocated first to preferred creditors and then to unsecured creditors);
- up to 25 per cent. to the preferred creditors (any surplus is allocated first to secured creditors and then to the unsecured creditors); and
- up to 10 per cent. to the unsecured creditors (in case of a surplus, one-third is allocated to preferred creditors and two-thirds to secured creditors).

In case of concurrence of preferred creditors and of secured creditors (i.e. through a mortgage or mortgage pre-notation over the property), proceeds are allocated as follows:

- up to two-thirds to the secured creditors (any surplus is allocated to preferred creditors); and
- up to one-third to the preferred creditors (any surplus is allocated to secured creditors).

In case of concurrence of secured creditors (i.e. through a mortgage or mortgage pre-notation over the property) and of unsecured creditors, proceeds are allocated as follows:

- up to 90 per cent. to the secured creditors; and
- up to 10 per cent. to the unsecured creditors.

Finally, in case of concurrence of preferred claims and unsecured claims, an amount of 70 per cent. is allocated for the repayment of preferred creditors, while the remaining 30 per cent. of the auction/liquidation proceeds is allocated to the unsecured creditors.

Accordingly, the Issuer, as owner of a first ranking prenotation could be limited to receiving approximately two thirds or 65 per cent. (as applicable) of the proceeds raised by an auction of a property securing a Loan if a claim under Article 975 of the Greek Civil Procedure Code exists. In such case, the proceeds may not be sufficient to discharge the amount that is owed by the Borrower to

the Issuer under the Loan, which may in turn affect the Issuer's ability to meet its obligations in respect of the Covered Bonds.

Most recently, following amendments introduced by law 4512/2018, under article 977A of the Code of Civil Procedure, in respect of any new claims arising after 17 January 2018 and which are secured by a pledge or mortgage over an asset which was not previously encumbered, the auction proceeds will be allocated, after deduction of the enforcement expenses as follows:

- (i) Claims of employees for salaries of up to six months, owed on the basis of salaried employment and arisen prior to the scheduled date of the first auction, capped, per employee and per month, at the amount of the minimum monthly statutory salary for employees above 25 years old multiplied by 275 per cent. ;
- (ii) Secured claims;
- (iii) Preferred claims; and
- (iv) Unsecured claims.

For further details, see "*Regulation and Supervision of Banks in the Hellenic Republic – Distributional Priorities before and after Insolvency*" and "*The Mortgage and Housing Market in Greece - Allocation of auction's proceeds*".

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

#### *Greek Covered Bond Legislation*

In Greece, the primary legal basis for Covered Bonds issuance is Article 152 of Law 4261/2014 ("**Primary Legislation**"). The transactions contemplated in this Base Prospectus are based, in part, on the provisions of the Greek Covered Bond Legislation. So far as the Issuer is aware, as at the date of this Base Prospectus there have been several similar issues of securities based upon the Greek Covered Bond Legislation and there has been no judicial authority as to the interpretation of any of the provisions of the Greek Covered Bond Legislation. For further information on the Greek Covered Bond Legislation, see "*Overview of the Greek Covered Bond Legislation*". There are a number of aspects of Greek law which are referred to in this Base Prospectus with which potential Covered Bondholders are likely to be unfamiliar. Particular attention should be paid to the sections of this Base Prospectus containing such references.

#### *Insolvency proceedings and subordination provisions*

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a Hedging Counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty.

The English Supreme Court has affirmed that a subordination provision of similar effect is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination

provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. The implications of this conflict remain unresolved.

If a creditor of the Issuer (such as a Hedging Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including but not limited to the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priorities of Payments). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Hedging Counterparty, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state).

In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds.

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

#### *Changes of law*

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English and Greek law, respectively, in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English or Greek law or administrative practice in the UK or Greece after the date of this Base Prospectus.

#### *Covered Bonds where denominations involve integral multiples: definitive Covered Bonds*

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

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

### *Exchange rate risks and exchange controls*

The Issuer (or the Servicer on its behalf) will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency (the **Investor's Currency**). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal (in an Investor's currency-equivalent basis).

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.

### *Greek Withholding Tax*

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

Pursuant to article 69 par. 9 of Law 3746/2009 in conjunction with article 91 of Greek Law 3601/2007 and articles 152 and 166 par. 1 of Law 4261/2014, interest payments made on covered bonds issued under article 152 of Greek Law 4261/2014, as is the case with Covered Bonds, have the same tax treatment with the interest payments made on bonds issued by the Hellenic Republic. Further to this, according to article 37 par. 2 of Law 4172/2013 (the **Income Tax Code**), interest earned by individual taxpayers from bonds issued by the Hellenic Republic is exempt from income tax, whereas according to article 64 par. 9 of the Income Tax Code, legal persons and legal entities that are not Greek tax residents and do not have a permanent establishment in Greece are exempt from any withholding tax on interest payments received on bonds issued by the Hellenic Republic. Based on the above provisions, it could be supported that individual taxpayers are exempt from income tax on Covered Bonds and that legal persons and legal entities that are not Greek tax residents and do not have a permanent establishment in Greece are exempt from any withholding tax on interest payments made on Covered Bonds. It should be noted that in order to benefit from the interest payment exception of article 64 par. 9 of the Income Tax Code, the foreign legal persons and legal entities that do not have a permanent establishment in Greece should submit to the financial or credit institutions a certificate from the competent foreign authorities certifying the registered seat of such foreign persons or entities or their articles of association (provision 17 of the circular of the Minister of Finance no. 1042/26.01.2015). In the absence of written guidelines, it remains unclear whether, after the enactment of the Income Tax Code, the aforementioned provision of Greek Law 3746/2009 remains in force. If this is not the case, the interest income realised by the above-mentioned holders of Covered Bonds will fall under the scope of application of the Income Tax Code and will be subject to the following taxation.

Pursuant to the Income Tax Code, as in force, Covered Bondholders who neither reside nor maintain a permanent establishment in Greece for Greek law tax purposes to which the interest income is attributable (the **Non-Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of fifteen per cent. (15 per cent.), if such payments are made by the Issuer or by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for



Greek tax law purposes. Such withholding exhausts the income tax liability of Non-Resident Covered Bondholders, both individuals and legal persons or legal entities, subject to the submission of relevant documentation evidencing their tax residence; further, such withholding tax rate may be reduced or eliminated on the basis of the provisions of any applicable tax treaty for the avoidance of double taxation of income and the prevention of tax evasion entered into between Greece and the jurisdiction in which such a Covered Bondholder is a tax resident.

In addition, Covered Bondholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes to which the interest income is attributable (the **Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of fifteen per cent. (15 per cent.), if such payments are made directly to Resident Covered Bondholders by the Issuer or by a paying agent or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. This withholding exhausts the income tax liability of Resident Covered Bondholders who are individuals, while it does not for other types of Covered Bondholders.

Covered Bondholders who are individuals must include in their taxable basis for purposes of application of Special Solidarity Levy any interest paid under the Covered Bonds and any capital gains realised from the transfer thereof. For fiscal years starting as of 1 January 2016, such levy is imposed on the overall income reported in Greece, both taxable and tax exempt, at a progressive tax scale starting from 2.2 per cent., with a tax free bracket of EUR 12,000 and a marginal rate of 10 per cent.. Please also refer to the "*Taxation*" section.

## GENERAL DESCRIPTION OF THE PROGRAMME

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

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

### PRINCIPAL PARTIES

<b>Issuer</b>	Eurobank Ergasias S.A. ( <b>Eurobank</b> or the <b>Issuer</b> ) having its registered office at 8 Othonos Street, Athens 10557, Greece.
<b>Issuer Legal Entity Identifier (LEI)</b>	JEUVK5RWVJEN8W0C9M24
<b>Arranger</b>	Barclays Bank PLC.
<b>Dealers</b>	Eurobank, Barclays Bank PLC and any other dealers appointed from time to time in accordance with the Programme Agreement as specified in the relevant Final Terms.
<b>Servicer</b>	<p>Eurobank (in its capacity as the servicer and, together with any replacement servicer appointed pursuant to the Servicing and Cash Management Deed from time to time, the <b>Servicer</b>) will service the Loans and Related Security in the Cover Pool pursuant to the Servicing and Cash Management Deed.</p> <p>The Servicer shall also undertake certain notification and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Transaction Accounts and cash management activities (the <b>Servicing and Cash Management Activities</b>) in accordance with the Servicing and Cash Management Deed and the Greek Covered Bond Legislation, including the calculation of the Statutory Tests and the Amortisation Test. See "<i>Servicing and Collection Procedure</i>" below.</p>
<b>Asset Monitor</b>	A reputable firm of independent auditors and accountants, not being the auditors of the Issuer for the time being, appointed pursuant to the Asset Monitor Agreement as an independent monitor to perform tests in respect of (i) the Statutory Tests when required in accordance with the requirements of the Bank of Greece and (ii) the Amortisation Test when required in accordance with the Servicing and Cash Management Deed. The initial Asset Monitor will be Deloitte Certified Public Accountants S.A. acting through its office at 3a Fragkoklisias & Granikou str., Maroussi, Attika, Greece (the <b>Asset Monitor</b> ).

<b>Account Bank</b>	<p>HSBC Bank plc at 8 Canada Square, London E14 5HQ has agreed to act as account bank (the <b>Account Bank</b>) pursuant to the Bank Account Agreement.</p> <p>In the event that the Account Bank ceases to be an Eligible Institution, the Servicer will be obliged to transfer the Transaction Accounts to a credit institution with the appropriate minimum ratings.</p> <p><b>Eligible Institution</b> means any bank whose long-term issuer default rating is rated at least BBB- by S&amp;P (or such other ratings that may be agreed by the parties to the Bank Account Agreement and the Rating Agencies from time to time).</p>
<b>Principal Paying Agent</b>	<p>HSBC Bank plc acting through its office at 8 Canada Square, London E14 5HQ (the <b>Principal Paying Agent</b> and, together with any agent appointed from time to time under the Agency Agreement, the <b>Paying Agents</b>). The Principal Paying Agent will act as such pursuant to the Agency Agreement.</p>
<b>Transfer Agent</b>	<p>HSBC Bank plc has been appointed pursuant to the Agency Agreement as transfer agent (the <b>Transfer Agent</b>).</p>
<b>Registrar</b>	<p>HSBC Bank plc (the <b>Registrar</b>). The Registrar will act as such pursuant to the Agency Agreement.</p>
<b>Trustee</b>	<p>HSBC Corporate Trustee Company (UK) Limited acting through its office at 8 Canada Square, London E14 5HQ (the <b>Trustee</b>) has been appointed to act as bond trustee for the Covered Bondholders in respect of the Covered Bonds and will also act as security trustee to hold the benefit of all security granted by the Issuer (on trust for itself, the Covered Bondholders and the other Secured Creditors) under the Deed of Charge and the Statutory Pledge granted pursuant to the Greek Covered Bond Legislation. See "<i>Security for the Covered Bonds</i>" below.</p>
<b>Hedging Counterparties</b>	<p>The Issuer may, from time to time, enter into Hedging Agreements with various swap providers to hedge certain currency and/or other risks (each a <b>Covered Bond Swap Provider</b>), interest risks (each an <b>Interest Rate Swap Provider</b> and, together with the Covered Bond Swap Providers, the <b>Hedging Counterparties</b>) associated with the Covered Bonds. The Hedging Counterparties will act as such pursuant to the relevant Hedging Agreements (as defined herein). Each Hedging Counterparty will be required to satisfy the conditions under paragraph I. 2(b)(bb) of the Secondary Covered Bond Legislation.</p>
<b>Listing Agent</b>	<p>Banque Internationale à Luxembourg S.A. (the <b>Luxembourg Listing Agent</b>).</p>
<b>Rating Agencies</b>	<p>S&amp;P and any additional rating agency which may be appointed under the Programme from time to time to provide ratings for a</p>

specific issue of Covered Bonds or on an ongoing basis (together, the **Rating Agencies** and each a **Rating Agency**).

## PROGRAMME DESCRIPTION

<b>Description</b>	Eurobank €5 billion Covered Bond Programme.
<b>Programme Amount</b>	€5 billion (or its equivalent in other currencies determined as described in the Programme Agreement) outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Issuance in Series</b>	<p>Covered Bonds will be issued in Series, but on different terms from each other, subject to the terms set out in the relevant Final Terms in respect of such Series. Save in respect of the first issue of Covered Bonds, Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms from an existing Series of Covered Bonds (in which case they will constitute a new Series). The Issuer may issue Covered Bonds without the prior consent of the Covered Bondholders pursuant to Condition 16 (<i>Further Issues</i>). See "<i>Conditions Precedent to the Issuance of a new Series or Tranche of Covered Bonds</i>" below.</p> <p>As used herein, <b>Tranche</b> means Covered Bonds which are identical in all respects (including as to listing and admission to trading) and <b>Series</b> means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.</p>
<b>Final Terms</b>	Final terms (the <b>Final Terms</b> ) will be issued and published in accordance with the terms and conditions set out herein under " <i>Terms and Conditions of the Covered Bonds</i> " (the <b>Conditions</b> ) prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series only, complete the Conditions and the Base Prospectus and must be read in conjunction with the Conditions and the Base Prospectus. The terms and conditions applicable to any particular Series are the Conditions as completed by the relevant Final Terms.
<b>Conditions Precedent to the Issuance of a new Series or Tranche of Covered Bonds</b>	It is a condition precedent to the issuance of a new Series or Tranche of Covered Bonds that (i) there is no Issuer Event outstanding and that such issuance would not cause an Issuer Event, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) the Rating Agencies have been notified of such issuance, (iv) such issuance has been approved by the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is

entered into.

<b>Proceeds of the Issue of Covered Bonds</b>	The gross proceeds from each issue of Covered Bonds will be used by the Issuer to fund its general corporate purposes.
<b>Form of Covered Bonds</b>	The Covered Bonds will be issued in either bearer or registered form, see " <i>Forms of the Covered Bonds</i> ". Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and <i>vice versa</i> .
<b>Issue Dates</b>	The date of issue of a Series or Tranche as specified in the relevant Final Terms (each, the <b>Issue Date</b> in relation to such Series or Tranche).
<b>Specified Currency</b>	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
<b>Denominations</b>	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms the minimum denomination of each Covered Bond will be at least €100,000 (or, if the Covered Bonds are denominated in a currency other than Euro, at least the equivalent amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
<b>Redenomination</b>	Certain Covered Bonds may be redenominated in Euro in accordance with the redenomination provisions set out in Condition 6.8 ( <i>Redenomination</i> ). The applicable Final Terms will set out whether the redenomination provisions of Condition 6.8 ( <i>Redenomination</i> ) are applicable to a particular Series of Covered Bonds.
<b>Fixed Rate Covered Bonds</b>	The applicable Final Terms may provide that certain Covered Bonds will bear interest at a fixed rate ( <b>Fixed Rate Covered Bonds</b> ), which will be payable on each Interest Payment Date and on the applicable redemption date and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
<b>Floating Rate Covered Bonds</b>	The applicable Final Terms may provide that certain Covered Bonds bear interest at a floating rate ( <b>Floating Rate Covered Bonds</b> ). Floating Rate Covered Bonds will bear interest at a rate determined:  (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or

- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service

as set out in the applicable Final Terms.

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

**Other provisions in relation to Floating Rate Covered Bonds**

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

**Zero Coupon Covered Bonds**

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

**Ranking of the Covered Bonds**

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

**Taxation**

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

**Status of the Covered Bonds**

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

defined in Ministerial Decision No 95630/8-9-2008 (published in the Government Gazette No 1858/B/12-9-2008) of the Minister of Justice. See also "*Overview of the Greek Covered Bond Legislation*" below.

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

Prior to an Issuer Event and prior to service of a Notice of Default on each Cover Pool Payment Date the Issuer will apply any funds available to it (including, but not limited to, funds arising in relation to the assets comprised in the Cover Pool) to pay all items which are listed in the Pre Event of Default Priority of Payments.

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

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

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

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

**Secured Creditors** means the Covered Bondholders, the Couponholders, the Trustee, any Receiver, the Asset Monitor, the Account Bank, the Agents, the Servicer, the Hedging Counterparties and any other creditor of the Issuer pursuant to any transaction document entered into in the course of the Programme having recourse to the Cover Pool (provided that where Eurobank performs any of the above roles, Eurobank will not be a Secured Creditor).

**Receiver** means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and

manager of the Charged Property by the Trustee pursuant to the Deed of Charge.

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

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

**Cross-collateralisation and Recourse** By operation of Article 152 and in accordance with the Transaction Documents, the Cover Pool Assets shall form a single portfolio, irrespective of the date of assignment to the Cover Pool and shall be held for the benefit of the Covered Bondholders and the other Secured Creditors irrespective of the Issue Date of the relevant Series. The Covered Bondholders and the other Secured Creditors shall have recourse to the Cover Pool.

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

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

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

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

**Cover Pool Payment Date** The 20th day of each month and if such day is not an Athens Business Day the first Athens Business Day thereafter (the **Cover Pool Payment Date**).

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

**Final maturity and extendable obligations under the Covered Bonds** The final maturity date for each Series (the **Final Maturity Date**) will be specified in the relevant Final Terms as agreed between the Issuer and the relevant Dealer(s). Unless previously redeemed as provided in the Conditions, the Covered Bonds of



each Series will be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date. If the Covered Bonds are not redeemed in full on the Final Maturity Date, this will constitute an Issuer Event upon which the Covered Bonds will become Pass Through Covered Bonds with an Extended Final Maturity Date. If the Covered Bonds are not redeemed in full on the Extended Final Maturity Date, then the Trustee shall serve a Notice of Default on the Issuer pursuant to Condition 10 (*Events of Default and Enforcement*). Following the service of a Notice of Default the Covered Bonds of each Series shall become immediately due and payable.

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

The Final Redemption Amount will not be less than the Principal Amount Outstanding of the relevant Covered Bonds.

Following service of a Notice of Default, any amount outstanding shall bear interest in accordance with Condition 7.9 (*Late Payment*).

#### **Accumulation Covered Bonds**

Following an Issuer Event, each Series of Covered Bonds where, on any relevant date, the Final Maturity Date is not more than 6 months following such date, shall be Accumulation Covered Bonds.

In relation to each Series of Accumulation Covered Bonds, the Issuer shall credit an amount equal to the relevant Pro-Rata Accumulation Amount to the relevant Accumulation Sub-Ledger on each Cover Pool Payment Date prior to the Final Maturity Date of such series of Covered Bonds. Amounts credited to the relevant Accumulation Sub-Ledger will be used to pay amounts due in respect of the Final Redemption Amount in respect of the relevant series of Accumulation Covered Bonds on their Final Maturity Date.

**Pro Rata Accumulation Amount** Pro Rata Accumulation Amount means in respect of any relevant Series of Accumulation Covered Bonds on each Cover Pool Payment Date an amount equal to

$$A \times \frac{B}{C}$$

Where

A = the Covered Bonds Available Funds on such Cover Pool Payment Date minus (i) if the Pro Rata Accumulation Amount is being calculated to determine payments at paragraph (vi) of the Pre-Event of Default Priority of Payments, all amounts due in respect of items (i) to (v) of the Pre-Event of Default Priority of Payments or (ii) if the Pro Rata Accumulation Amount is being calculated to determine payments at paragraph (vii) of the of the Pre-Event of Default Priority of Payments, all amounts due in respect of items (i) to (vi) of the Pre-Event of Default Priority of Payments;

B = the Euro Equivalent of the Principal Amount Outstanding of the relevant Series of Accumulation Covered Bonds less any amount credited to the Accumulation Sub-Ledger in respect of such Series on such Cover Pool Payment Date; and

C = the aggregate of the Euro Equivalent of the Principal Amount Outstanding of all Pass-Through Covered Bonds and Accumulation Covered Bonds which are paid pari passu with the relevant Series of Accumulation Covered Bonds paid in accordance with either paragraph (g) or paragraph (h) of the Pre-Event of Default Priority of Payments, as applicable minus any amounts standing to the credit of the Accumulation Ledger on such Cover Pool Payment Date.

**Pass-Through Covered Bonds** On and following an Issuer Event, those Covered Bonds in respect of which the Final Redemption Amount has not been paid in full on the Final Maturity Date (taking into account any grace periods) and, following a breach of the Amortisation Test, all outstanding Series of Covered Bonds will become Pass-Through Covered Bonds.

Upon a Series of Covered Bonds becoming a Series of Pass-Through Covered Bonds, the Issuer will pay principal amounts on each such Series to the extent it has amounts available for the purpose in accordance with the Pre-Event of Default Priority of Payments on each Interest Payment Date until such Series is redeemed in full.

**Ratings** Each Series issued under the Programme may be assigned a rating by each of the Rating Agencies as set out in the applicable Final Terms.

**Listing and admission to trading** Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme after the date hereof to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange.

Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on other stock exchanges or markets agreed between the Issuer, the Trustee and the relevant Dealer(s) in relation to each issue. The Final Terms relating to each Tranche of the Covered Bonds will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which other stock exchanges or markets.

**Clearing Systems** Euroclear Bank S.A./N.V. (**Euroclear**), and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) in relation to any Series of Covered Bonds or any other clearing system as may be specified in the relevant Final Terms.

**Selling Restrictions** There are restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the European Economic Area (including the United Kingdom and the Hellenic Republic) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds. See "*Subscription and Sale*" below.

**United States Selling Restrictions** Bearer Covered Bonds will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**)) (the **D Rules**), unless (i) the relevant Final Terms state that the Bearer Covered Bonds are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the **C Rules**), or (ii) the Bearer Covered Bonds are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Bearer Covered Bonds will not constitute "registration required obligations" under the U.S. Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

**Greek Covered Bond Legislation** The Covered Bonds will be issued pursuant to the Greek Covered Bond Legislation.

For further information on the Greek Covered Bond Legislation, see "*Overview of the Greek Covered Bond Legislation*" below.

**Governing law** The Servicing and Cash Management Deed, the Trust Deed, the Deed of Charge, the Agency Agreement, the Asset Monitor

Agreement, the Bank Account Agreement, the Programme Agreement, each Subscription Agreement and each Hedging Agreement will be governed by, and construed in accordance with, English law.

The Covered Bonds will be governed by and construed in accordance with English law, save that the Statutory Pledge referred to in Condition 3 (*Status of the Covered Bonds*), will be governed by and construed in accordance with Greek law.

## **CREATION AND ADMINISTRATION OF THE COVER POOL**

### **The Cover Pool**

Pursuant to the Greek Covered Bond Legislation, the Issuer will be entitled to create the Statutory Pledge over the Cover Pool Assets.

By virtue of the Registration Statement(s) filed with the Athens Pledge Registry on or prior to the Issue Date for the first Series of Covered Bonds, the Issuer shall segregate the Cover Pool in connection with the issuance of Covered Bonds for the satisfaction of the rights of the Covered Bondholders and the other Secured Creditors. See "*Description of the Transaction Documents*" – "*The Servicing and Cash Management Agreement*".

## **CHANGES TO THE COVER POOL**

### **Optional changes to the Cover Pool**

The Issuer shall be entitled, subject to filing a Registration Statement so providing and subject to the satisfaction of the requirements in the Servicing and Cash Management Deed, to allocate to the Cover Pool Additional Cover Pool Assets and/or remove or substitute Cover Pool Assets.

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

Upon any addition to the Cover Pool of any Additional Cover Pool Assets where the relevant transfer date is also an Issue Date or the Issuer ceases to have the Minimum Credit Ratings, the Issuer shall deliver to the Trustee a solvency certificate stating that the Issuer is, at such time, solvent.

See "*Description of the Transaction Documents*" – "*The Servicing and Cash Management Agreement*".

### **Disposal of the Loan Assets**

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

with the relevant Pre-Event of Default Priority of Payments.

In certain circumstances the Issuer shall have the right to prevent the sale of Loan Assets to third parties by removing the Loan Assets made subject to sale from the Cover Pool and transferring within ten Athens Business Days from the receipt of an offer letter, to the Transaction Accounts, an amount equal to the then Outstanding Principal Balance of the Selected Loans and the relevant portion of all arrears of interest and accrued interest relating thereto , subject to the provision of a solvency certificate. See "*Description of the Transaction Documents – The Servicing and Cash Management Deed*".

Following the occurrence of an Event of Default and service of a Notice of Default, the Trustee shall be entitled to (and shall if directed by the Covered Bondholders) direct the Servicer to dispose of the Cover Pool.

**Undertakings of the Issuer in respect of the Cover Pool**

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

**Representations and Warranties of the Issuer**

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

- (i) its status, capacity and authority to enter into the Transaction Documents and assume the obligations expressed to be assumed by it therein;
- (ii) the legality, validity, binding nature and enforceability of the obligations assumed by it;
- (iii) the existence of the Cover Pool Assets and the absence of any lien attaching to the Cover Pool Assets;
- (iv) its full, unconditional, legal title to the Cover Pool Assets; and
- (v) the validity and enforceability against the relevant debtors of the obligations from which the Cover Pool Assets arise.

**Individual Eligibility Criteria**

Each Loan Asset to be included in the Cover Pool shall comply with the Individual Eligibility Criteria. See "*Description of the Transaction Documents*" – "*The Servicing and Cash Management Deed*".

## **Monitoring of the Cover Pool**

Prior to the occurrence of an Issuer Event, the Servicer shall verify on each Applicable Calculation Date that, as at the last calendar day of the calendar month immediately preceding such Applicable Calculation Date, the Cover Pool satisfies the following aggregate criteria:

- (i) the Cover Pool satisfies the Nominal Value Test;
- (ii) the Cover Pool satisfies the Net Present Value Test; and
- (iii) the Cover Pool satisfies the Interest Cover Test,

(collectively, the **Statutory Tests** and each a **Statutory Test**).

**Calculation Date** means, the 10th day of each calendar month and if such day is not an Athens Business Day the first Athens Business Day thereafter.

**Applicable Calculation Date** means:

- (a) in respect of the Nominal Value Test, each Calculation Date; and
- (b) in respect of the Net Present Value Test and the Interest Cover test, each Calculation Date which falls in April, July, October and January of each year.

## **Statutory Tests**

Pursuant to the Greek Covered Bond Legislation, the Cover Pool is subject to the Statutory Tests as set out in the Secondary Covered Bond Legislation. Failure of the Issuer to cure a breach of any one of the Statutory Tests within five Athens Business Days will result in the Issuer not being able to issue further Covered Bonds. See "*Description of the Transaction Documents*" – "*The Servicing and Cash Management Agreement*" for more information.

## **Breach of Statutory Tests**

If on any Applicable Calculation Date any one or more of the Statutory Tests being tested on such Applicable Calculation Date are not satisfied, the Issuer must take immediate action to cure any breach(es) of the relevant Statutory Tests.

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

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

## **Amortisation Test**

In addition to the Statutory Tests and pursuant to the Servicing and Cash Management Deed, after the occurrence of an Issuer Event and so long as an Event of Default has not occurred the Cover Pool will be subject to the Amortisation Test. The

Amortisation Test is intended to ensure that the Cover Pool Assets are sufficient to meet the obligations under all Covered Bonds outstanding together with senior expenses that rank in priority or *pari passu* with amounts due on the Covered Bonds.

The Amortisation Test will be tested by the Servicer on each Calculation Date following an Issuer Event. A breach of the Amortisation Test will cause all Series of Covered Bonds to become Pass Through Covered Bonds.

The Servicer will immediately notify the Trustee of any breach of the Amortisation Test.

#### **Amendment to definitions**

The Servicing and Cash Management Deed will provide that the definitions of Individual Eligibility Criteria, Cover Pool, Cover Pool Asset, Statutory Test and Amortisation Test may be amended by the Issuer from time to time as a consequence of, *inter alia*, including in the Cover Pool, Cover Pool Assets which have characteristics other than those pertaining to the Initial Assets and/or changes to the hedging policies or servicing and collection procedures of Eurobank without the consent of the Trustee provided that S&P has been notified and that the ratings on the Covered Bonds would not be adversely affected by, or withdrawn as a result of such amendment (and in the case of any other Rating Agency, such Rating Agency has been notified). The Servicing and Cash Management Deed shall set forth the conditions for any such amendment to be effected.

See "*Description of the Transaction Documents – The Servicing and Cash Management Deed – Amendment to Definitions*".

#### **Issuer Events**

If, prior to, or concurrent with the occurrence of an Event of Default, an Issuer Event occurs then (i) no further Covered Bonds will be issued, (ii) the Servicer will procure that any and all payments due from Borrowers under the Cover Pool Assets are effected henceforth directly to the Third Party Collection Accounts, (iii) all collections of principal and interest on the Cover Pool Assets will be dedicated exclusively to the payment of interest and repayment of principal on the Covered Bonds and to the fulfilment of the obligations of the Issuer *vis-à-vis* the Secured Creditors in accordance with the relevant Priority of Payments, (iv) all payments of interest on the Covered Bonds will be credited on the Accumulation Ledger pursuant to the Servicing and Cash Management Deed, (v) if Eurobank is the Servicer, its appointment as Servicer will be terminated and a new servicer will be appointed pursuant to the terms of the Servicing and Cash Management Deed and the Covered Bond Legislation and (vi) the Servicer or, as applicable, the Replacement Servicer appointed pursuant to the Servicing and Cash Management Deed and the Covered Bond Legislation will be required to try and sell Selected Loans in accordance with the provisions of the Servicing and Cash Management Deed. See Condition 9 (*Issuer Events*) of the Covered Bonds and "*Description of the Transaction Documents*" – "*The Servicing*

*and Cash Management Deed".*

**Authorised Investments**

Pursuant to the Servicing and Cash Management Deed, the Servicer is entitled in its discretion prior to the occurrence of an Issuer Event to draw sums from time to time standing to the credit of the Transaction Accounts for effecting Authorised Investments. See "*Description of the Transaction Documents*" – "*Servicing and Cash Management Deed*".

**Servicing and collection procedures**

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

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

**ACCOUNTS AND CASH FLOW STRUCTURE:**

**Segregation Event and Collection Account**

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

All amounts deposited in, and standing to the credit of, the Collection Accounts shall constitute segregated property distinct from all other property of Eurobank pursuant to paragraph 9 of Article 152 and by virtue of an analogous application



of paragraphs 14 through 16 of Article 10 of Greek Law 3156/2003.

Following the occurrence of a Segregation Event, but prior to the occurrence of an Issuer Event, (i) all amounts deposited shall remain in the Collection Accounts for the benefit of the holders of the Covered Bonds and the other Secured Creditors and (ii) Eurobank shall only be entitled to withdraw Excess Amounts from the Collection Accounts.

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

See "*Description of the Transaction Documents*"- "*The Servicing and Cash Management Deed*".

### **Transaction Accounts**

On or about the Programme Closing Date, a separate Swiss franc denominated account was established with the Account Bank (the **CHF Transaction Account**), a separate Euro denominated account will be established with the Account Bank (the **EUR Transaction Account**, and together with the CHF Transaction Account, **Transaction Accounts**). Prior to the occurrence of a Segregation Event or an Issuer Event, Eurobank will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Accounts, if any, that are in excess of the sum of (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Reserve Fund Required Amount. Following the occurrence of a Segregation Event, Eurobank shall no longer be entitled to withdraw moneys from the Transaction Accounts other than for purposes of making payments in accordance with the Pre Event of Default Priority of Payments. If Eurobank's rating(s) are reinstated above the level at which a Segregation Event occurs, and so long as no Issuer Event has occurred, then Eurobank will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Accounts, if any, that are in excess of the sum of (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Reserve Fund Required Amount.

Following the occurrence of an Issuer Event (as defined above) which is continuing, (i) the Issuer shall transfer any amounts it receives in respect of any Cover Pool Assets (including any Subsidy Payments) to the Transaction Accounts within two Athens Business Days of receipt, all collections of principal and interest on deposit in the Collection Accounts (or the Third Party Collection Accounts) be transferred to the Transaction Accounts and (ii) provide notification to all Borrowers that any and all future payments due under the Cover Pool Assets are henceforth to be effected directly to a Swiss franc denominated bank account opened in the name of the Issuer with a Greek credit institution or a Greek branch of a foreign credit institution which is an Eligible Institution (the **CHF Third Party Collection Account**) or a euro denominated bank account opened in the name of the Issuer with a Greek credit institution or a Greek branch of a foreign credit institution which is an Eligible Institution (the **EUR Third Party Collection Account**) (as appropriate). The Servicer shall procure that all amounts deposited into the Third Party Collection Accounts shall be transferred to the Transaction Accounts within one Athens Business Day of receipt and provide any requisite notice to procure that this occurs.

Following an Issuer Event, the Transaction Accounts will be used for the crediting of, *inter alia*, moneys received in respect of the Cover Pool Assets included in the Cover Pool or to effect a payment in respect of the Covered Bonds. See "*Description of the Transaction Documents*" – "*The Servicing and Cash Management Deed*".

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

- (a) on the Extended Final Maturity Date, in respect of any Series of Covered Bonds or on any Interest Payment Date or any earlier date for redemption on which principal thereof is due and repayable, there is a failure to pay any amount of principal due on such Covered Bonds on such date and such default is not remedied within a period of 7 days from the due date thereof; or
- (b) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series occurs and such default is not remedied within a period of 14 days from the due date thereof,

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

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

Following the occurrence of an Event of Default, the Trustee shall be entitled to direct the Servicer to dispose of the Cover Pool Assets. See "*Description of the Transaction Documents – the Servicing and Cash Management Deed*".

**Priority of Payments prior to the delivery of a Notice of Default** Pursuant to Condition 4 (*Priorities of Payments*), at any time upon or after the occurrence of any Issuer Event but prior to the delivery of a Notice of Default, the Servicer on behalf of the Issuer shall apply all the Covered Bonds Available Funds on each Cover Pool Payment Date in making the following payments and provisions in the following order of priority (the **Pre Event of Default Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full):

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

- (iii) *third, pari passu and pro rata* according to the respective amounts thereof, to pay all amounts due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date, to the Account Bank and the Agents under the Bank Account Agreement and the Agency Agreement, or any of the Transaction Documents, respectively;
- (iv) *fourth, pari passu and pro rata* according to the respective amounts thereof to, (i) to the Servicer any amount representing the cost of Levy in respect of such Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy; and (ii) to pay all amounts due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments), to any Secured Creditors other than the Covered Bondholders, Receiptholders, Couponholders, the Agents, the Account Bank, the Trustee and any Appointee and other than any amount due to be paid, or that will become due and payable prior to the next Cover Pool Payment Date, to the Hedging Counterparties under the Hedging Agreements;
- (v) *fifth, pari passu and pro rata*, according to the respective amounts thereof (a) to pay all amounts of interest due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date, on any Covered Bonds and (b) to pay any amounts due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date, under any Hedging Agreement other than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (vi) *sixth*, for so long as any Covered Bonds remain outstanding, to credit the Reserve Ledger with an amount equal to the difference between the Reserve Ledger Required Amount and the amount standing to the credit of the Reserve Ledger after having made the payments under paragraphs (i) to (v) above;
- (vii) *seventh, pro rata and pari passu* in respect of (A) any Accumulation Covered Bonds which do not have an Extended Final Maturity Date, to credit the Accumulation Sub-Ledger with the Pro Rata Accumulation Amount and (B) any Series of Pass-Through Covered Bonds, to pay principal in respect of each Series of Pass-Through Covered Bonds then outstanding on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date (if any) on any Series of Pass-Through Covered Bonds in either case where such Series of Pass-Through Covered Bonds has an Extended Final Maturity Date that falls within 6 months of the relevant Cover Pool Payment Date;
- (viii) *eighth*, to pay *pari passu and pro rata* (A) principal in respect of each other Series of Pass-Through Covered Bonds then outstanding on the Cover Pool Payment Date, or to provide for all such amounts that will

become due and payable prior to the next Cover Pool Payment Date (if any), on any other Series of Pass-Through Covered Bonds and (B) in respect of any Accumulation Covered Bonds (or any Series of Covered Bonds that will become Accumulation Covered Bonds prior to the next following Cover Pool Payment Date) to credit the relevant Accumulation Sub-Ledger with the Pro Rata Accumulation Amount (provided such amount has not already been credited to the Accumulation Sub-Ledger in accordance with paragraph (vii) above);

- (ix) *ninth*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Accounts, or, as applicable, be deposited in the Transaction Accounts;
- (x) *tenth*, to pay *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date to any Hedging Counterparties which are Subordinated Termination Payments; and
- (xi) *eleventh*, to pay any excess to the Issuer.

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

**Covered Bonds Available Funds** **Covered Bonds Available Funds** means, at any time upon or after the occurrence of an Issuer Event, in respect of any Cover Pool Payment Date, as the case may be, the aggregate of:

- (a) all amounts standing to the credit of the Transaction Accounts at the immediately preceding Calculation Date other than amounts credited to the Accumulation Ledger;
- (b) all amounts (if any) paid or to be paid on or prior to such Cover Pool Payment Date by the Hedging Counterparties into the Transaction Accounts pursuant to the Hedging Agreement(s);
- (c) all amounts of interest paid on the Transaction Accounts during the Interest Period immediately preceding such Cover Pool Payment Date;
- (d) all amounts deriving from repayment at maturity of any Authorised Investment on or prior to such Cover Pool Payment Date; and
- (e) any Excess Accumulation Receipts

For the avoidance of doubt:

- (i) should there be any duplication in the amounts included in the different items of the Covered Bonds Available Funds above, the Servicer shall avoid such duplication when calculating the Covered Bonds Available Funds; and
- (ii) the Covered Bonds Available Funds will not include any asset (including, without limitation, cash or securities) which is paid or transferred by any Hedging Counterparty to the Issuer as collateral to secure the performance by such Hedging Counterparty of its obligations under a Hedging Agreement together with any income or distributions received in respect of such asset and any equivalent or replacement of such asset into which such asset is transferred but which may not be applied at such time in satisfaction of the obligations of the relevant Hedging Counterparty under the terms of such Hedging Agreement (the **Swap Collateral Excluded Amounts**).

**Priority Payments following the delivery of a Notice of Default** of Pursuant to Condition 4 (*Priorities of Payments*) and the terms of the Deed of Charge, following delivery of a Notice of Default, all funds deriving from the Cover Pool Assets, the Transaction Documents or the enforcement of the Security and all other sums which are standing to the credit of the Transaction Accounts shall be applied on any Athens Business Day in accordance with the following order of priority of payments (the **Post Event of Default Priority of Payments** and, together with the Pre Event of Default Priority of Payments, the **Priorities of Payments** and, each of them a **Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full) provided that any such amount has not been paid by the Issuer using funds not forming part of the Cover Pool:

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

Bondholders and (d) to pay any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;

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

**Indemnity** means any indemnity amounts due to the Trustee pursuant to the Trust Deed, the Deed of Charge or any other Transaction Document, including (without limitation) Clause 14 of the Trust Deed. See "*Description of the Transaction Documents*" – "*Deed of Charge*".

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

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

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

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

**Programme Closing Date** means 15 October 2018.

See "*Description of the Transaction Documents – The Servicing and Cash Management Deed*".

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

**Trust Deed** Under the terms of the Trust Deed entered into on the Programme Closing Date (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) between the Issuer and the Trustee, the Trustee will be appointed to act as the Covered Bondholders' representative in accordance with paragraph 2 of Article 152.

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

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

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

The Deed of Charge shall be governed by English Law.

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

**Bank Account Agreement** Under the terms of the bank account agreement entered into on the Programme Closing Date between the Account Bank, the Servicer, the Issuer and the Trustee (the **Bank Account Agreement**), the Account Bank has agreed to operate the Transaction Accounts and any Swap Collateral Accounts opened in accordance with the terms of any Hedging Agreement and the Bank Account Agreement (together with the Transaction Accounts, the **Bank Accounts**) in accordance with the instructions given by the Servicer.

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

The Hedging Agreements shall be governed by English Law.

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

**Transaction Documents**

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

**Subscription Agreement** means an agreement supplemental to the Programme Agreement (by whatever name called) in or substantially in the form set out in the Programme Agreement or in such other form as may be agreed between the Issuer and the Lead Manager or one or more Dealers (as the case may be).

**Investor Report**

On each Cover Pool Payment Date, the Servicer will produce an investor report (the **Investor Report**), which will contain information regarding the Covered Bonds and the Cover Pool Assets, including statistics relating to the financial performance of the Cover Pool Assets. Such report will be available to the prospective investors in the Covered Bonds and to Covered Bondholders at the offices of Paying Agent, on Bloomberg and on the website [www.eurobank.gr](http://www.eurobank.gr).



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus and are available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)):

- (i) (a) the audited consolidated annual financial statements of the Issuer as of the financial year ended 31 December 2017 (as contained within Part IV ("*Consolidated Financial Statements for the year ended 31 December 2017*") of the Issuer's Annual Financial Report for the Year Ended 31 December 2017 and within Part III ("*Consolidated Financial Statements for the 2017 Financial Year (Auditor's Report included)*") and (b) the audited consolidated annual financial statements of the Issuer's Annual Financial Report for the Year Ended 31 December 2016), in each case prepared in accordance with International Financial Reporting Standards (**IFRS**), including the information set out at the following pages of the Issuer's 'Consolidated Financial Statements' for 2017 and 'Consolidated Financial Statements' for 2016, respectively:

	2017	2016
<i>Independent Auditor's Report</i> .....	see section (ii) below	pages 1-2
<i>Consolidated Income Statement</i> .....	page 2	page 4
<i>Consolidated Balance Sheet</i> .....	page 1	page 3
<i>Consolidated Statement of Comprehensive Income</i> .....	page 3	page 5
<i>Consolidated Statement of Changes in Equity</i> .....	page 4	page 6
<i>Consolidated Cash Flow Statement</i> .....	page 5	page 7
<i>Notes to the Consolidated Financial Statements</i> .....	pages 6-130	pages 8-126

- (ii) the Independent Auditor's Report for the financial year ended 31 December 2017, as contained within pages 1-9 of Part III ("*Independent Auditor's Report*") and Issuer's Consolidated Financial Statements for the year ended 31 December 2017 is contained at Part IV of the Issuer's Annual Financial Report for the Year Ended 31 December 2017;

- (iii) the Independent Auditor's Review Report on for the reviewed condensed consolidated interim financial statements as of and for the period ended 30 June 2018 as contained at Part III, and the reviewed condensed consolidated interim financial statements as of and for the period ended 30 June 2018 is contained at Part IV:

<i>Consolidated Interim Income Statement</i> .....	page 2
<i>Consolidated Interim Statement of Comprehensive Statement</i> .....	page 3
<i>Consolidated Interim Balance Sheet</i> .....	page 1
<i>Consolidated Interim Cash Flow Statement</i> .....	page 5
<i>Consolidated Interim Statement of Changes in Equity</i> .....	page 4

Following the publication of this Base Prospectus, a supplement to this Base Prospectus may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg.

The documents incorporated by reference in this Base Prospectus may also be viewed on the website of the Issuer at [www.eurobank.gr](http://www.eurobank.gr) (this uniform resource locator (URL) is an inactive textual reference only and is not intended to incorporate this website into this Base Prospectus).

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

Any information not listed in the cross-reference list is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of Commission Regulation (EC) No. 809/2004 implementing the Prospective Directive.

### Presentation of Alternative Performance Measures

In this Base Prospectus, the Issuer uses the following metrics in the analysis of its business and financial position, which the Issuer considers to constitute "Alternative Performance Measures" as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures dated 5 October 2015 (the **ESMA Guidelines**).

The Issuer believes that these Alternative Performance Measures are important aids to understanding the Group's performance, the quality of its assets, operations and capital position.

Alternative Performance Measure	Calculation method and/or definition	Purpose of the APM
<b>Pre-Provision Income (PPI):</b>	Profit from operations before impairments, provisions and restructuring costs as disclosed in the financial statements for the reported period.	Shows the net income from continuing core and non-core business activities minus the operating expenses (before certain cost elements as disclosed in the financial statements and income from associates and joint ventures).

Alternative Performance Measure	Calculation method and/or definition	Purpose of the APM
<b>Core Pre-provision Income (Core PPI):</b>	The total of net interest income, net banking fee and commission income and income from non-banking services minus the operating expenses of the reported period.	Shows the net income from continuing core business activities minus the operating expenses (before certain cost elements as disclosed in the financial statements and income from associates and joint ventures).
<b>Net Interest Margin (NIM):</b>	The net interest income of the reported period, annualized and divided by the average balance of total assets (the arithmetic average of total assets, excluding assets classified as held for sale, at the end of the reported period and at the end of the previous reporting period).	Shows the return on total assets in terms of net interest income.
<b>Cost to income ratio:</b>	Operating expenses divided by total operating income.	The cost to income ratio is an efficiency measure; It shows the operating expenses as a percentage of total operating income.
<b>90 days past due loan (90dpd) ratio:</b>	Gross loans and advances to customers at amortised cost more than 90 days past due divided by gross loans and advances to customers at amortised cost at the end of the reported period.	Shows how the proportion of the Issuer's 90 days past due loans and advances to customers develops.
<b>90dpd coverage ratio:</b>	Impairment allowance for loans and advances, including impairment allowance for credit related commitments to customers divided by gross loans and advances to customers at amortised cost more than 90 days past due at the end of the reported period.	Shows the coverage of 90 days past due loans and advances to customers by impairment allowance.
<b>Non-performing exposures (NPEs):</b>	Non Performing Exposures (in compliance with EBA Guidelines) are the Issuer's material exposures which are more than 90 days past due or for which the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due.	
<b>NPEs ratio:</b>	Non Performing Exposures ("NPEs") divided by gross loans and advances to customers at amortised cost at the end of the reported period.	Shows how the proportion of the Issuer's NPEs develops.

Alternative Performance Measure	Calculation method and/or definition	Purpose of the APM
<b>Provisions (charge) to average Net Loans ratio (Cost of Risk):</b>	Impairment losses on loans and advances to customers charged in the reported period, annualized and divided by the average balance of net loans and advances to customers at amortised cost (the arithmetic average of net loans and advances to customers at amortised cost at the end of the reported period and at the end of the previous year).	Shows the cost of credit risk for the reported period as a percentage of average balance of net loans and advances to customers.
<b>Loans to Deposits ratio:</b>	Loans and advances to customers (net of Impairment Allowance) at amortised cost divided by due to customers at the end of the reported period.	Shows the extent to which the issuer's loans and advances to customers are financed by deposits.
<b>Risk-weighted assets (RWAs):</b>	Risk-weighted assets are the Issuer's assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational risk.	
<b>Phased in Common Equity Tier I (CET1):</b>	Common Equity Tier I regulatory capital as defined by Regulation No 575/2013 and No 2395/2017 based on the transitional rules for the reported period, divided by total RWAs.	Indicator of the capital position of the Issuer based on the transitional regulatory framework in force.
<b>Fully loaded Common Equity Tier I (CET1):</b>	Common Equity Tier I regulatory capital as defined by Regulation No 575/2013 and No 2395/2017 without the application of the relevant transitional rules, divided by total RWAs.	Indicator of the capital position of the Issuer based on the regulatory framework, which will be in force after the end of the transitional period.
<b>Phased in total capital ratio:</b>	Total regulatory capital as defined by Regulation No 575/2013 and No 2395/2017 based on the transitional rules for the reported period, divided by total RWAs.	Indicator of the capital position of the Issuer based on the transitional regulatory framework in force.
<b>Fully loaded total capital ratio:</b>	Total regulatory capital as defined by Regulation No 575/2013 and No 2395/2017 without the application of the relevant transitional rules, divided by total RWAs.	Indicator of the capital position of the Issuer based on the regulatory framework, which will be in force after the end of the transitional period.

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the Terms and Conditions of the Covered Bonds which will be attached to each Global Covered Bond (as defined below) and each Definitive Covered Bond (as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. Reference should be made to "Form of the 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 Covered Bonds.*

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

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

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

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

The Covered Bonds and the Coupons have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated the Programme Closing Date and made between *inter alios* the Issuer, HSBC Bank plc as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and HSBC Bank plc as registrar (the **Registrar**, which expression shall include any successor registrar) and as transfer agent, (together with any other transfer agent appointed thereunder, the **Transfer Agents**, which expression shall include any successor transfer agents). The Paying Agents, the Registrar, the Transfer Agents, and any Calculation Agent referred to below, are referred to herein as the **Agents**.

Interest bearing Definitive Covered Bonds 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.

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

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 of the European Economic Area and includes any relevant implementing measure in the relevant Member State.

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

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

Copies of the applicable Final Terms and the other Transaction Documents are available for viewing at the registered offices of the Issuer and of each Paying Agent and copies may be obtained from those offices save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms and the other Transaction Documents will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of such Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the applicable Final Terms and the other Transaction Documents which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the other Transaction Documents.

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

## **1. Form, Denomination and Title**

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

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

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

It is a condition precedent to the issuance of a new Series or Tranche of Covered Bonds that (i) there is no Issuer Event or Event of Default outstanding and that such issuance would not cause an Issuer Event or Event of Default, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) S&P Global Ratings, a division of S&P Global (**S&P**) and any additional rating agency which may be appointed under the Programme from time to time to provide ratings for a specific issue of Covered Bonds or on an ongoing basis (together the **Rating Agencies** and each a **Rating Agency**) have been notified of such issuance, (iv) such issuance has been approved by the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.

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

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

For so long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of or, as the case maybe, registered in the name of a common depository for, Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, for which purpose the bearer or, as applicable, the registered holder of the relevant Global Covered Bond shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly.

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

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

## **2. Transfers of Registered Covered Bonds**

### *2.1 Transfers of interests in Registered Global Covered Bonds*

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

### *2.2 Transfers of Registered Covered Bonds in definitive form*

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

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

Subject as provided above, the Registrar will, within 3 business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Definitive Covered Bond of a like aggregate nominal amount to the Registered Definitive Covered Bond (or the relevant part of the Registered Definitive Covered Bond) transferred.

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



### 2.3 *Registration of transfer upon partial redemption*

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

### 2.4 *Costs of registration*

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

## 3. **Status of the Covered Bonds**

The Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer secured by (i) the statutory pledge provided by paragraph 4 of Article 152 of the Greek Covered Bond Legislation (the **Statutory Pledge**) on the Greek law Cover Pool Assets and (ii) the Deed of Charge in respect of the other Cover Pool Assets. They are issued in accordance with the Greek Covered Bond Legislation and are backed by the assets of the Cover Pool. The Covered Bonds will at all times rank *pari passu* without any preference among themselves.

## 4. **Priorities of Payments**

Notwithstanding the Deed of Charge Security but subject to Clause 8.1 (*Application*) of the Deed of Charge, at any time upon or after the occurrence of any Issuer Event but prior to the delivery of a Notice of Default, the Servicer on behalf of the Issuer shall apply all the Covered Bonds Available Funds on each Cover Pool Payment Date in making the following payments and provisions in the following order of priority (the **Pre Event of Default Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full):

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

- (iv) *fourth, pari passu and pro rata* according to the respective amounts thereof to, (i) to the Servicer any amount representing the cost of Levy in respect of such Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy; and (ii) to pay all amounts due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments), to any Secured Creditors other than the Covered Bondholders, Receiptholders, Couponholders, the Agents, the Account Bank, the Trustee and any Appointee and other than any amount due to be paid, or that will become due and payable prior to the next Cover Pool Payment Date, to the Hedging Counterparties under the Hedging Agreements;
- (v) *fifth, pari passu and pro rata*, according to the respective amounts thereof (a) to pay all amounts of interest due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date, on any Covered Bonds and (b) to pay any amounts due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date, under any Hedging Agreement other than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (vi) *sixth*, for so long as any Covered Bonds remain outstanding, to credit the Reserve Ledger with an amount equal to the difference between the Reserve Ledger Required Amount and the amount standing to the credit of the Reserve Ledger after having made the payments under paragraphs (i) to (v) above;
- (vii) *seventh, pro rata and pari passu* in respect of (A) any Accumulation Covered Bonds which do not have an Extended Final Maturity Date, to credit the Accumulation Sub-Ledger with the Pro Rata Accumulation Amount and (B) any Series of Pass-Through Covered Bonds, to pay principal in respect of each Series of Pass-Through Covered Bonds then outstanding on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date (if any) on any Series of Pass-Through Covered Bonds in either case where such Series of Pass-Through Covered Bonds has an Extended Final Maturity Date that falls within 6 months of the relevant Cover Pool Payment Date;
- (viii) *eighth*, to pay *pari passu and pro rata* (A) principal in respect of each other Series of Pass-Through Covered Bonds then outstanding on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date (if any), on any other Series of Pass-Through Covered Bonds and (B) in respect of any Accumulation Covered Bonds (or any Series of Covered Bonds that will become Accumulation Covered Bonds prior to the next following Cover Pool Payment Date) to credit the relevant Accumulation Sub-Ledger with the Pro Rata Accumulation Amount (provided such amount has not already been credited to the Accumulation Sub-Ledger in accordance with paragraph (vii) above);
- (ix) *ninth*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Accounts, or, as applicable, be deposited in the Transaction Accounts;
- (x) *tenth*, to pay *pari passu and pro rata*, according to the respective amounts thereof, any amount due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment

Date to any Hedging Counterparties which are Subordinated Termination Payments;  
and

- (xi) *eleventh*, to pay any excess to the Issuer.

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

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

## 5. Interest

### 5.1 Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of

Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date.

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 amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on but excluding such date (**Fixed Coupon Amount**). Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the broken amount specified in the relevant Final Terms (the **Broken Amount**) so specified.

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

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

## 5.2 *Floating Rate Covered Bond*

### (a) Interest on Payment Dates

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

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

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

### (b) Rate of Interest

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

#### (i) ISDA Determination for Floating Rate Covered Bonds

Where **ISDA Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable

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

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

For the purposes of this subparagraph (i), (1) **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

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

(ii) Screen Rate Determination for Floating Rate Covered Bonds

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

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

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

If the Relevant Screen Page is not available or if, in the case of (A) above, no such offered 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, the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, such offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(b)(ii), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

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

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

than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

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

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Covered Bonds for the relevant Interest Period by applying the Rate of Interest to:

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

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

(e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing or trading and to be published in accordance with Condition 17 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 5.4) thereafter and in the case of any notification to be given to the Luxembourg Stock Exchange on or before the first Business Day of each Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing or trading and to Covered Bondholders in accordance with Condition 17 (*Notices*).

(f) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as

if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it (in consultation with the Issuer) determines appropriate.

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

(g) Certificates to be final

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

(h) Interest on Zero Coupon Covered Bonds

Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest. When a Zero Coupon Covered Bond becomes repayable prior to its Maturity Date it will be redeemed at the Early Redemption Amount calculated in accordance with Condition 7.6 (*Early Redemption Amounts*). In the case of late payment the amount due and repayable shall be calculated in accordance with Condition 7.9 (*Late Payment*).

5.3 *Accrual of interest*

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest will continue to accrue as provided in Condition 7.9 (*Late Payment*).

5.4 *Business Day, Business Day Convention, Day Count Fractions and other adjustments*

(a) In these Conditions, **Business Day** means:

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



payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET2**) System (the **TARGET2 System**) is open.

- (b) If a **Business Day Convention** is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:
- (i) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii), the **Floating Rate Convention**, such Interest Payment Date (1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply mutatis mutandis, or (2) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls within the Specified Period after the preceding applicable Interest Payment Date occurred; or
  - (ii) the **Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
  - (iii) the **Modified Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
  - (iv) the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.
- (c) **Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:
- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
    - (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period (as defined in Condition 5.4(e)) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
    - (B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of (I) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (II) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such

Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

- (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"D<sup>2</sup>" 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<sup>1</sup> is greater than 29, in which case D<sup>2</sup> will be 30;

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

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

where:

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

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

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

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

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

"D<sup>2</sup>" 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<sup>2</sup> will be 30;

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

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

where:

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

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

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

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

"D<sup>1</sup>" 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<sup>1</sup> will be 30; and

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

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

- (d) **Determination Date** has the meaning given in the applicable Final Terms.
- (e) **Determination Period** means each period from (and including) a Determination Date to (but **excluding**) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).
- (f) **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
- (g) **Interest Commencement Date** means in the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms from (and including) which the relevant Covered Bonds will accrue interest.
- (h) **Interest Payment Date** means, in respect of Fixed Rate Covered Bonds, the meaning given in the applicable Final Terms and in respect of Floating Rate Covered Bonds, the meaning given in Condition 5.2, together the **Interest Payment Dates**.
- (i) **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.
- (j) **Principal Amount Outstanding** means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day provided that the Principal Amount Outstanding in respect of a Covered Bond that has been purchased and cancelled by the Issuer shall be zero.
- (k) If **adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention.
- (l) If **not adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, but such Interest Payment Dates shall not be adjusted in accordance with any Business Day Convention.
- (m) **sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01.

## 6. Payments

### 6.1 *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen

to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);

- (ii) payments will be made in euro by credit or electronic transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6, means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

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

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

## 6.2 *Presentation of Definitive Covered Bonds, Receipts and Coupons*

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

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

Upon amounts in respect of any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer prior to its Final Maturity Date (or, as the case may be,

Extended Final Maturity Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

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

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

### 6.3 *Payments in respect of Bearer Global Covered Bonds*

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

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

### 6.4 *Payments in respect of Registered Covered Bonds*

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

a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register at the close of business on the Record Date at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not less than 3 business days before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

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

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

#### 6.5 *General provisions applicable to payments*

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

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

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

#### 6.6 *Payment Day*

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

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

#### 6.7 *Interpretation of principal and interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;



- (ii) the Final Redemption Amount (as defined in the Final Terms) (the **Final Redemption Amount**) of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds but excluding any amount of interest referred to therein;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 7.6(ii)); and
- (vi) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds;

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

## 6.8 *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior written notice to the Trustee and the Agents, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 17 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds shall be redenominated in euro. In relation to any Covered Bonds where the applicable Final Terms provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least €100,000 and which are admitted to trading on a regulated market in the European Economic Area, it shall be a term of any such redenomination that the holder of any Covered Bonds held through Euroclear and/or Clearstream, Luxembourg must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least €100,000.

The election will have effect as follows:

- (i) the Covered Bonds shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Covered Bond equal to the nominal amount of that Covered Bond in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, in consultation with the Agents that the then market practice in respect of the redenomination in 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 Trustee, the Covered Bondholders, the competent listing authority, stock exchange and/or market (if any) on or by which the Covered Bonds may be listed and/or admitted to trading 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 Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds 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 Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €100,000 and/or such higher amounts as the Agents may determine and notify to the Covered Bondholders and any remaining amounts less than €100,000 shall be redeemed by the Issuer and paid to the Covered Bondholders in euro in accordance with Condition 8 (*Taxation*);
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Covered Bonds 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 Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds, Receipts and Coupons denominated in the Specified Currency in such manner as the Agents may specify and as shall be notified to the Covered Bondholders 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 Covered Bonds;
- (v) after the Redenomination Date, all payments in respect of the Covered Bonds 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 Covered Bonds 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 Covered Bonds are Fixed Rate Covered Bonds 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 by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (vii) (if the Covered Bonds are Floating Rate Covered Bonds), the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to this Condition (and the Transaction Documents) as the Issuer may decide, after consultation with the Trustee and the Agents and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

## 6.9 *Definitions*

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

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

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

**Earliest Maturing Covered Bonds** means, at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the Transaction Accounts) that has or have the earliest Final Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to an Event of Default).

**Early Redemption Amount** means the amount calculated in accordance with Condition 7.6 (*Early Redemption Amounts*).

**Established Rate** means the rate for the conversion of the relevant 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 123 of the Treaty.

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

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

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

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

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

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

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

**Redenomination Date** means (in the case of interest bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case specified by the Issuer in the notice given to the Covered Bondholders pursuant to Condition 6.8 (*Redenomination*) above and which falls on or after the date on which the country of the relevant Specified Currency first participates in the third stage of European economic and monetary union.

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

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

**Secured Creditors** means the Covered Bondholders, the Couponholders, the Trustee, any Receiver, the Asset Monitor, the Account Bank, the Agents, the Servicer, the Hedging

Counterparties and any other creditor of the Issuer pursuant to any Transaction Document entered into in the course of the Programme having recourse to the Cover Pool (provided that where Eurobank performs any of the above roles, Eurobank will not be a Secured Creditor).

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

## **7. Redemption and Purchase**

### *7.1 Final redemption*

- (i) Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date.
- (ii) Without prejudice to Conditions 9 and 10, if an Extended Final Maturity Date is specified in the applicable Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms, then (subject as provided below) payment of any unpaid Final Redemption Amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date shall be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date *pro rata* and *pari passu* in respect of all Pass-Through Covered Bonds, in accordance with and subject to the relevant Priority of Payments, subject to the Issuer having funds available for such purpose in accordance with the Priority of Payments and Condition 7.6 (*Early Redemption Amounts*).
- (iii) The Issuer shall use any amounts standing to the credit of the relevant Accumulation Sub-Ledger to redeem the relevant Series of Accumulation Covered Bonds on the Final Maturity Date.
- (iv) Following the occurrence of an Issuer Event and breach of the Amortisation Test all Series of Covered Bonds become Pass Through Covered Bonds and the Issuer shall redeem all Series of Covered Bonds on each Interest Payment Date, in accordance with and subject to the relevant Priority of Payments.
- (v) The Issuer shall confirm to the relevant Covered Bondholders (in accordance with Condition 17), the Rating Agencies, any relevant Hedging Counterparty, the Trustee, the Registrar (in the case of a Registered Covered Bond) and the Principal Paying Agent as soon as reasonably practicable and in any event at least five Athens Business Days prior to the Final Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Covered Bonds on the Final Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity of effectiveness of the extension nor give rise to any rights in any such party.
- (vi) Where the applicable Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Final Maturity Date shall not constitute an Event of Default but shall constitute a payment default in relation to the Issuer and shall constitute an Issuer Event under Condition 9(ii).

## 7.2 *Redemption for taxation reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the relevant Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if the relevant Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Trustee and, in accordance with Condition 17 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that on the occasion of the next date for payment of interest on the relevant Covered Bonds, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*). Covered Bonds redeemed pursuant to this Condition 7.2 (*Redemption for taxation reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.6 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If an issuer call is specified in the applicable Final Terms (**Issuer Call**), the Issuer may (to the extent funds are available for such purpose), having given:

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

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

the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 17 (*Notices*) at least five days (or such shorter period as is specified in the applicable Final Terms) prior to the Selection Date.

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

- (i) If an investor put is specified in the Final Terms (the **Investor Put**), then if and to the extent specified in the applicable Final Terms, upon the holder of this Covered Bond giving to the Issuer not less than 30 nor more than 60 days' (or such other notice period specified in the applicable Final Terms) notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in, 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.
- (ii) (a) If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must deliver such Covered Bond, on any Business Day (as defined in Condition 5.4) falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor Put in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 7.4; and (b) if this Covered Bond is represented by a Global Covered Bond or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.
- (iii) Any Put Notice given by a Covered Bondholder of any Covered Bond pursuant to this Condition shall be irrevocable.

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.

#### 7.5 *Repurchase by the Issuer at the option of the Covered Bondholders (Investor Repurchase Put)*

- (a) If an investor Repurchase Put is specified in the Final Terms (the **Investor Repurchase Put**), then if and to the extent that the Issuer does not redeem the Covered Bonds in full on the Final Maturity Date (taking into account any applicable grace periods), upon the holder of this Covered Bond giving to the Issuer not less than 30 nor more than 60 days' notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, be required to purchase such Covered Bond on the date specified in such notice (the **Repurchase Date**) and at the relevant Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Final Terms, together, if applicable, with interest accrued to (but excluding) the relevant Repurchase Date.

- (b) If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must deliver such Covered Bond, on any Business Day (as defined in Condition 5.5) falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor Repurchase Put in the form (for the time being current) obtainable from any specified office of any Paying Agent (a Put Notice) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 7.5.
- (c) Any notice given by a Covered Bondholder of any Covered Bond pursuant to this Condition shall be irrevocable.

Any failure by the Issuer to repurchase Covered Bonds pursuant to this Condition shall not constitute an Event of Default (but, for the avoidance of doubt, will constitute an Issuer Event).

#### 7.6 *Early Redemption Amounts*

For the purpose of Condition 7.1 (*Final redemption*), Condition 7.2 (*Redemption for taxation reasons*) and Condition 10 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Zero Coupon Covered Bond, at an amount (the **Amortised Face Amount**) equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation in paragraph (ii) above is to be made for a period which is not a whole number of years, it shall be made (A) in the case of a Zero Coupon Covered Bond payable in a Specified Currency other than euro, on the basis of a 360-day year consisting of 12 months of 30 days each, or (B) in the case of a Zero Coupon Covered Bond 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 (C) on such other calculation basis as may be specified in the applicable Final Terms.

#### 7.7 *Purchases*

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

## 7.8 *Cancellation*

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 7.7 (*Purchases*) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## 7.9 *Late Payment*

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

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

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

For the purpose of this Condition 7.9, the **Late Payment Date** shall mean the earlier of:

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

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

## 7.10 *General*

Prior to the publication of any notice of redemption pursuant to Condition 7.2 (Redemption for taxation reasons) or Condition 7.3 (Redemption at the option of the Issuer (Issuer Call)), and provided that the Issuer is not the sole Covered Bondholder of the Covered Bonds being so redeemed, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories (at the relevant time) of the Issuer stating that the Issuer is entitled or required to effect such redemption and setting forth a statement of facts showing that the conditions set out in Condition 7.2 (Redemption for taxation reasons) or Condition 7.3 (Redemption at the option of the Issuer (Issuer Call)) for such right or obligation (as applicable) of the Issuer to



arise have been satisfied and that the Issuer will have the funds, not subject to the interests of any other persons, required to fulfil its obligations hereunder in respect of the Covered Bonds and any amounts required under the Servicing and Cash Management Deed and/or the Deed of Charge to be paid *pari passu* with, or in priority to, the Covered Bonds and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions set out above, in which event it shall be conclusive and binding on all Covered Bondholders and Couponholders.

## **8. Taxation**

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

## **9. Issuer Events**

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

- (i) an Issuer Insolvency Event (as defined below);
- (ii) the Issuer fails to pay any amount of principal due and payable on the Covered Bonds of any Series (which shall for these purposes be deemed to include a failure by the Issuer to pay any amount representing the Final Redemption Amount on the Final Maturity Date of the Covered Bonds of that Series notwithstanding that the relevant Series of Covered Bonds has an Extended Final Maturity Date) within a period of seven Athens Business Days or if the Issuer fails to pay interest in respect of the Covered Bonds of any Series within a period of seven Athens Business Days from the due date thereof;
- (iii) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Covered Bonds, Receipts or Coupons of any Series and such default remains unremedied for 30 days after written notice thereof has been delivered by the Trustee to the Issuer requiring the same to be remedied;
- (iv) the repayment of any indebtedness owing by the Issuer is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer 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 Issuer Event 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 €15,000,000 (or its equivalent in any other currency or currencies) or, if higher, a sum equal to 0.025 per cent. of the

gross consolidated assets of the Issuer and its Subsidiaries as shown by the then latest published audited consolidated balance sheet of the Issuer and its Subsidiaries; or

- (v) there is a breach of a Statutory Test on an Applicable Calculation Date and such breach is not remedied within five Athens Business Days,

then (i) no further Covered Bonds will be issued, (ii) the Servicer will procure that any and all payments due under the Cover Pool Assets are effected henceforth directly to the Transaction Accounts, (iii) all collections of principal and interest on the Cover Pool Assets will be dedicated exclusively to the payment of interest and repayment of principal on the Covered Bonds and to the fulfilment of the obligations of the Issuer *vis-à-vis* the Secured Creditors in accordance with the relevant Priority of Payments and (iv) if Eurobank is the Servicer, its appointment as Servicer will be terminated and a new servicer will be appointed pursuant to the terms of the Servicing and Cash Management Deed and the Secondary Covered Bond Legislation and, (v) the Servicer or, as applicable, the Replacement Servicer appointed pursuant to the Servicing and Cash Management Deed and the Covered Bond Legislation will be required to try to sell Selected Loans in accordance with the provisions of the Servicing and Cash Management Deed.

**Issuer Insolvency Event** means, in respect of Eurobank:

- (i) any order shall be made by any competent court or resolution passed for the winding-up or dissolution of the Issuer (other than for the purpose of amalgamation, merger or reconstruction on terms approved by an Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series); or
- (ii) the Issuer 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 on terms approved by an Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series); or
- (iii) the Issuer 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 insolvent by a court of competent jurisdiction or shall be placed under special liquidation under article 145 of Greek Law 4261/2014 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
- (iv) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or over half of the assets of the Issuer, or an interim supervisor of the Issuer is appointed by the Bank of Greece under article 137 of Greek Law 4261/2014 or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of the Issuer and in any of the foregoing cases it or he shall not be discharged within 60 days; or
- (v) any action or step is taken which has a similar effect to the foregoing,

in each case, other than where any of the events set out in (i) to (v) above occurs in connection with a substitution in accordance with Condition 18 and Clause 20 of the Trust Deed.

**Subsidiary** means, in respect of the Issuer at any particular time, any other entity:

- (i) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of such entity or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles or standards, consolidated with those of the Issuer.

## **10. Events of Default and Enforcement**

### *10.1 Events of Default*

If any of the following events occurs, and is continuing:

- (a) on the Extended Final Maturity Date, in respect of any Series of Covered Bonds or on any Interest Payment Date or any earlier date for redemption on which principal thereof is due and repayable, there is a failure to pay any amount of principal due on such Covered Bonds on such date and such default is not remedied within a period of 7 days from the due date thereof; or
- (b) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series of Covered Bonds occurs and such default is not remedied within a period of 14 days from the due date thereof ,

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

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

### *10.2 Enforcement*

The Trustee may at any time, at its discretion and without notice, take such proceedings or steps or exercise rights or powers under or in connection with the Trust Deed, the Deed of Charge, the Covered Bonds or any other Transaction Document against the Issuer and/or any other person as it may think fit to enforce the provisions of the Deed of Charge, the Trust Deed, the Covered Bonds or any other Transaction Document in accordance with its terms and the pledge created under the Greek Covered Bond Legislation and may, at any time after the Security has become enforceable, take such proceedings or steps as it may think fit to enforce the Security, but it shall not be bound to take any such proceedings or steps or exercise such rights or powers unless (i) (A) it shall have been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series (with the Covered Bonds of all Series taken together as a single Series and converted into Euro at the relevant Covered Bond Swap Rate) or (B) a request in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Euro at the relevant Covered Bond Swap Rate), and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions under this Condition 10.2 the Trustee shall only have regard to the interests of the Covered Bondholders of all Series

taken equally and shall not have regard to the interests of any individual Covered Bondholders (whatever their number) or any other Secured Creditors.

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

#### **11. Prescription**

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

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

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

#### **12. Replacement of Covered Bonds, Coupons and Talons**

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

#### **13. Exchange of Talons**

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

#### 14. Trustee and Agents

- (a) In acting under the Agency Agreement and in connection with the Covered Bonds and the Coupons, the Agents act solely as agents of the Issuer (or, in the circumstances specified in the Agency Agreement, the Trustee) and do not assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders or Couponholders.
- (b) The initial Agents and their initial specified offices are set forth in the Base Prospectus and in the Master Definitions and Construction Schedule. If any additional agents are appointed in connection with any series, the names of such Agents will be specified in Part B of the applicable Final Terms. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time with the prior written consent of the Trustee to vary or terminate the appointment of any Agent and to appoint a successor Principal Paying Agent or Calculation Agent and additional or successor paying agents *provided, however, that:*
- (i) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Principal Paying Agent), in the case of Covered Bonds, with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
  - (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall at all times maintain a Calculation Agent; and
  - (iii) if and for so long as the Covered Bonds are listed on any stock exchange which requires the appointment of an Agent in any particular place, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall maintain an Agent having its specified office in the place required by such stock exchange.

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

- (c) Under the Trust Deed and the Deed of Charge, the Trustee is entitled to be indemnified and/or secured and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its remuneration, costs and expenses and all other liabilities in priority to the claims of the Covered Bondholders and the other Secured Creditors.
- (d) The Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Cover Pool Asset, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee. The Trustee will not be responsible for (a) supervising the performance of the Issuer, the Servicer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until they each have written notice to the contrary, that all such persons are properly performing their duties; (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents; (c) monitoring the Cover Pool, including, without limitation, whether the Cover Pool is in compliance with the Statutory Tests or the Amortisation Test; or (d) monitoring whether Loan Assets satisfy the Eligibility Criteria. The Trustee will not be liable to any holder of the Covered Bonds or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches,

investigations and enquiries which would normally be made by a prudent charge in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security, the Covered Bonds and the Transaction Documents.

## 15. Meetings of Covered Bondholders, Modification and Waiver

- (a) *Meetings of Covered Bondholders:* The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matters affecting their interests, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting for the passing of a resolution which is not for the purpose of directing the Trustee to take enforcement action pursuant to Condition 10.2 (*Enforcement*) may be convened by the Issuer or the Trustee and shall be convened by the Issuer upon the request in writing signed by Covered Bondholders holding not less than one-tenth of the Principal Amount Outstanding of the Covered Bonds of the relevant Series. The quorum at any meeting convened to vote on an Extraordinary Resolution other than a Programme Resolution will be one or more persons holding or representing a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series or, at any adjourned meeting, one or more persons being or representing Covered Bondholders of such Series whatever the principal amount of the Covered Bonds of such Series held or represented; *provided, however, that* Series Reserved Matters, as defined below and as described in the Trust Deed, may only be sanctioned by an Extraordinary Resolution passed at a meeting of Covered Bondholders of such Series at which one or more persons holding or representing not less than two-thirds of, or, at any adjourned meeting, not less than one-quarter, of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Covered Bondholders, Receiptholders and Couponholders of such Series, whether present or not.

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

In connection with any meeting of the holders of Covered Bonds of more than one Series where any Series of such Covered Bonds is not denominated in Euro, the nominal amount of the Covered Bonds of such Series not denominated in Euro shall be deemed, for the purposes of such meeting, to be an amount in Euro equal to the Principal Amount Outstanding of such Covered Bonds converted into Euro using the relevant Covered Bond Swap Rate.

In addition, a resolution in writing signed by or on behalf of a clear majority of Covered Bondholders who for the time being are entitled to receive notice of a meeting of Covered Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in

writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Covered Bondholders.

- (b) *Modification*: The Trustee may, without the consent or sanction of any of the Covered Bondholders or Couponholders of any Series, the related Receiptholders or any of the other Secured Creditors (other than the Swap Providers in respect of a modification to the Pre-Event of Default Priority of Payments, the Post-Event of Default Priority of Payments, the Conditions of the Covered Bonds, the Individual Eligibility Criteria or the Servicing and Cash Management Deed which in each case adversely affects their interests (such consent or sanction not to be unreasonably withheld or delayed)) at any time and from time to time concur with the Issuer and any other party in making or sanctioning any modification (i) (other than a Series Reserved Matter) to the terms and conditions applying to Covered Bonds of one or more Series (including the Conditions), the related Receipts and/or Coupons, the Trust Presents and/or the other Transaction Documents provided that in the sole opinion of the Trustee such modification is not materially prejudicial to the interests of the Covered Bondholders of such Series or (ii) to the terms and conditions applying to Covered Bonds of one or more Series (including the Conditions), the related Receipts and/or Coupons, the Trust Presents or the other Transaction Documents which in the sole opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error, and, in each case, the Issuer has confirmed in writing to the Trustee that such modification will not adversely affect the then current ratings of the Covered Bonds.

In respect of a modification to the Pre-Event of Default Priority of Payments, the Post-Event of Default Priority of Payments, the Conditions of the Covered Bonds, the Individual Eligibility Criteria or the Servicing and Cash Management Deed, the Issuer shall be obliged to provide the Trustee with the prior written consent of the Swap Providers.

Any such modification may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Covered Bondholders, the related Receiptholders and/or the Couponholders and the other Secured Creditors and, unless the Trustee otherwise agrees, shall be notified by the Issuer (i) to the Covered Bondholders in accordance with Condition 17 (Notices), (ii) to the Rating Agencies and (iii) each of the other Secured Creditors in accordance with the Deed of Charge as soon as practicable thereafter.

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

- (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds other than in accordance with the terms thereof;
- (ii) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made other than in accordance with Condition 6.8 (*Redenomination*);
- (iii) alteration of the quorum or majority required to pass an Extraordinary Resolution;
- (iv) the sanctioning of any such scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash,

or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations; and

- (v) alteration of this proviso or the proviso to paragraph 6 of Schedule 3 (*Provisions for Meetings of Covered Bondholders*) of the Trust Deed; and
  - (vi) alteration of this definition of Series Reserved Matter.
- (c) The Trustee may without the consent of any of the Covered Bondholders of any Series, the related Receiptholders and/or Couponholders and any Secured Creditors and without prejudice to its rights in respect of any subsequent breach, Issuer Event, Potential Event of Default or Event of Default from time to time and at any time but only if in so far as in its opinion the interests of the Covered Bondholders of any Series shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Presents or the other Transaction Documents or determine that any Issuer Event, Potential Event of Default or Event of Default shall not be treated as such for the purposes of the Trust Presents PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred on it by this Condition 15(c) in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 10 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Covered Bondholders, the related Receiptholders and/or the Couponholders and, if, but only if, the Trustee shall so require, shall be notified by the Issuer (i) to the Covered Bondholders in accordance with Condition 17 (*Notices*), (ii) to the Rating Agencies and (iii) each of the other Secured Creditors in accordance with the Deed of Charge as soon as practicable thereafter.

The Trustee shall be bound to waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Presents or the other Transaction Documents or determine that any Issuer Event or Potential Event of Default or Event of Default shall not be treated as such for the purposes of the Trust Presents if it is (i) so directed by an Extraordinary Resolution (in the case of any such waiver, authorisation or determination, with the Covered Bonds of all Series taken together as a single Series as provided in the Trust Deed and, if applicable, converted into Euro at the relevant Covered Bond Swap Rate) or (ii) requested to do so in writing by the holders of not less than twenty-five per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding (in the case of any such determination, with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Euro as aforesaid), and at all times then only if it shall first be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

- (d) Notwithstanding the provisions of this Condition 15, the Trustee shall be obliged, without any consent or sanction of the Covered Bondholders of any Series and/or the Couponholders and/or Receiptholders and without the consent of the Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Series Reserved Matter), for the avoidance of doubt irrespective of whether such modification is materially prejudicial to the interests of the Covered Bondholders of any Series, to the terms and conditions applying to the Covered Bonds of one or more Series (including the Conditions), the related Coupons or any Transaction Document for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that in relation to any amendment under this Condition 15, the Issuer certifies in writing to the Trustee (upon which certificate the Trustee may rely without



liability or inquiry) that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria and the Issuer either:

- (i) has obtained from each of the Rating Agencies written confirmation (or certifies in writing to the Trustee (upon which certificate the Trustee may rely absolutely without liability or inquiry) that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Covered Bonds by such Rating Agency and would not result in any Rating Agency placing any Series of Covered Bonds on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Trustee; or
- (ii) certifies in writing to the Trustee (upon which certificate the Trustee may rely absolutely without liability or inquiry) that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Covered Bonds by such Rating Agency or such Rating Agency placing any Covered Bonds on rating watch negative (or equivalent).

## **16. Further Issues**

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

## **17. Notices**

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

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

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

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

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

## 18. Substitution of the Issuer

- (a) If so requested by the Issuer, the Trustee may, without the consent of any Covered Bondholder or Couponholder or any other Secured Creditor, agree with the Issuer to the substitution in place of the Issuer (or of the previous substitute under this Condition) as the principal debtor under the Trust Presents and all other Transaction Documents (the **New Company**) upon notice by the Issuer and the New Company to be given to the Covered Bondholders and the other Secured Creditors in accordance with Condition 17 (*Notices*), *provided that*:
- (i) the Issuer is not in default in respect of any amount payable under the Covered Bonds;
  - (ii) the Issuer and the New Company have entered into such documents (the **Documents**) as are necessary, in the opinion of the Trustee, to give effect to the substitution and in which the New Company has undertaken in favour of each Covered Bondholder to be bound by these Conditions and the provisions of the Trust Deed as the debtor in respect of the Covered Bonds in place of the Issuer (or of any previous substitute under this Condition 18 (*Substitution of the Issuer*));
  - (iii) if the New Company is resident for tax purposes in a territory (the **New Residence**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **Former Residence**), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Covered Bondholder has the benefit of an undertaking in terms corresponding to the provisions of this

Condition 18 (*Substitution of the Issuer*), with the substitution of references to the Former Residence with references to the New Residence;

- (iv) the New Company and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the New Company of its obligations under the Transaction Documents;
  - (v) without prejudice to the rights of reliance of the Trustee under the immediately following paragraph (vi), the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Covered Bondholders of any Series;
  - (vi) if two directors of the New Company (or other officers acceptable to the Trustee) have certified that the New Company is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Trustee can rely on absolutely), the Trustee shall not be under any duty to have regard to the financial conditions, profits or prospect of the New Company or to compare the same with those of the Issuer;
  - (vii) the rights of the Covered Bondholders and the other Secured Creditors in respect of the Cover Pool shall continue in full force and effect in relation to the obligations of the New Company;
  - (viii) legal opinions in form and substance satisfactory to the Trustee shall have been delivered to the Trustee (with a copy of such legal opinions also to be provided to the Rating Agencies) from lawyers of recognised standing in the jurisdiction of incorporation of the New Company, in England and in Greece as to matters of law relating to the fulfilment of the requirements of this Condition 18 (*Substitution of the Issuer*) and that the Covered Bonds and any Coupons and/or Talons are legal, valid and binding obligations of the New Company;
  - (ix) if Covered Bonds issued or to be issued under the Programme have been assigned a credit rating by any Rating Agency and the relevant Rating Agency has been notified of the proposed substitution and the Rating Agencies have not downgraded the Covered Bonds outstanding as a result of such substitution;
  - (x) each stock exchange on which the Covered Bonds are listed shall have confirmed that, following the proposed substitution of the New Company, the Covered Bonds will continue to be listed on such stock exchange; and
  - (xi) if applicable, the New Company has appointed a process agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Covered Bonds and any Coupons.
- (b) Upon such substitution the New Company shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Covered Bonds, any Coupons and the Trust Deed with the same effect as if the New Company has been named as the Issuer herein, and the Issuer shall be released from its obligations under the Covered Bonds, any Coupons and/or Talons and under the Trust Deed.
- (c) After a substitution pursuant to Condition 18(a), the New Company may, without the consent of any Covered Bondholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 18(a) and 18(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Company.

- (d) After a substitution pursuant to Condition 18(a) or 18(c), any New Company may, without the consent of any Covered Bondholder or Couponholder, reverse the substitution, *mutatis mutandis*.
- (e) The Transaction Documents shall be delivered to, and kept by, the Principal Paying Agent. Copies of the Transaction Documents will be available free of charge during normal business hours at the specified office of the Principal Paying Agent.

## **19. Renominalisation and Reconventioning**

If the country of the Specified Currency becomes or, announces its intention to become, a participating Member State, the Issuer may, without the consent of the Covered Bondholders and Couponholders, on giving at least 30 days' prior notice to the Covered Bondholders and the Paying Agents, designate a date (the **Redenomination Date**), being an Interest Payment Date under the Covered Bonds falling on or after the date on which such country becomes a participating Member State to redenominate all, but not some only, of the Covered Bonds of any series.

## **20. Governing Law and Jurisdiction**

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

## **21. Submission to jurisdiction**

- (a) Subject to Condition 21(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Covered Bonds and the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds and the Coupons (a **Dispute**) and accordingly each of the Issuer and the Trustee and the Covered Bondholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 21, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Covered Bondholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

## **22. Appointment of Process Agent**

The Issuer irrevocably appoints Eurobank Private Bank Luxembourg S.A., London Branch, at Eurobank Private Bank Luxembourg S.A., London Branch, at 2nd floor Devonshire House, 1 Mayfair Place, London W1J 8AJ, United Kingdom (Attn.: Mr. Athos Kaissides), Email: [AKaissides@eurobankpb.co.uk](mailto:AKaissides@eurobankpb.co.uk), Fax: +44 (0)20 7009 1818), as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Eurobank Private Bank Luxembourg S.A., London Branch being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer

agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

**23. Third Parties**

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

## FORMS OF THE COVERED BONDS

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

### **Bearer Covered Bonds**

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

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

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

Where the Global Covered Bonds issued in respect of any Tranche are in NGCB form, the applicable Final Terms will also indicate whether such Global Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Covered Bonds are to be so held does not necessarily mean that the Bearer Global Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common Safekeeper for NGCBs will either be Euroclear or Clearstream Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms. Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not issued in NGCB form) only to the extent that certification (in a form to be provided by Euroclear and/or Clearstream, Luxembourg) to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a Bearer **Global Covered Bond**) of the same Series or (b) for Definitive Covered Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in

the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. Purchasers in the United States and certain United States persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Global Covered Bond. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Definitive Covered Bonds is improperly withheld or refused.

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

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

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

The following legend will appear on all Bearer Covered Bonds (other than Temporary Global Covered Bonds) talons and interest coupons relating to such Bearer Covered Bonds where TEFRA D is specified in the applicable Final Terms:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any sale or other disposition in respect of such Bearer Covered Bonds, talons or interest coupons.

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

### **Registered Covered Bonds**

Registered Global Covered Bonds will be (a) if the applicable Final Terms specify the Registered Global Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility (being the new safekeeping structure (NSS)), deposited on the relevant Issue Date with the Common Safekeeper; or (b) if the applicable Final Terms specify the Registered Global Covered Bonds are not intended to be held in a manner which would allow Eurosystem eligibility, deposited on the relevant Issue Date with a nominee or Common Depository for Euroclear or Clearstream, Luxembourg, as applicable.

Any indication that the Registered Global Covered Bonds are to be held in a manner which would allow Eurosystem eligibility does not necessarily mean that the Registered Global Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

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

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

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



## **General**

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

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

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

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme.*

[Date]

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

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)] [MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>2</sup>

### EUROBANK ERGASIAS S.A.

**Legal Entity Identifier (LEI): JEUVK5RWVJEN8W0C9M24**

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

Under the €5 billion

**Global Covered Bond Programme III**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Covered Bonds (the **Terms and Conditions**) set forth in the Base Prospectus dated 15 October 2018 [and the supplement to the Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC as amended) (the **Prospectus Directive**). This document constitutes the final

<sup>1</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute “packaged” products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>2</sup> Legend to be included on front of the Final Terms if following the ICMA 1 “all bonds to all professionals” target market approach.

terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Base Prospectus. Copies of the Base Prospectus [and the supplement to the Base Prospectus] are available free of charge to the public at the registered office of the Issuer and from the specified office of each of the Paying Agents. The Base Prospectus [and the supplement to the Base Prospectus] are published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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

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

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

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

*(N.B. Covered Bonds must have a minimum denomination [€100,000] (or equivalent).)*

  - (ii) Calculation Amount: [●]

6. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●] *[N.B. An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero Coupon Covered Bonds.]*
7. (i) Final Maturity Date: *[Fixed Rate - specify date/Floating Rate - Interest Payment Date falling in or nearest to [specify month and year]]*
- (ii) Extended Final Maturity Date *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling one year after the Final Maturity Date]]*
- [If an Extended Final Maturity Date is specified and the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. See Condition 7.1 (Final redemption)]*
8. Interest Basis: [[●] per cent. Fixed Rate]
- [[LIBOR/EURIBOR] [●] per cent. Floating Rate]
- [Zero Coupon]
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date at [100] per cent of their nominal amount
10. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs] [Not Applicable]*
11. Put/Call Options: [Not Applicable]
- [Investor Put]
- [Investor Repurchase Put]
- [Issuer Call]
- [(further particulars specified below under Provisions Relating to Redemption)]*
12. [Date [Board] approval for issuance of Covered Bonds obtained:] [●]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds)*

13. Redenomination: [Applicable/Not Applicable]

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

14. **Fixed Rate Covered Bond Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date

(ii) Interest Payment Date(s): [[●] in each year up to and including the Final Maturity Date, or the Extended Final Maturity Date, if applicable]

[Applicable/Not Applicable]

(iii) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Not Applicable]

(iv) Business Day(s): [●]

(v) Additional Business Centre(s): [●]

(vi) Fixed Coupon Amount[(s)]: [●] per Calculation Amount  
*(Applicable to Covered Bonds in definitive form)*

(vii) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] [Not Applicable]  
*(Applicable to Covered Bonds in definitive form)*

(viii) Day Count Fraction: [30/360/Actual/Actual [(ICMA/ISDA) adjusted/not adjusted]

(ix) Determination Date: [[●] in each year] [Not Applicable]  
*(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*

*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*

15. **Floating Rate Covered Bond Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Interest Period(s): [●]

(ii) Specified Period(s)/Specified [●][, subject to adjustment in accordance with the

- Interest Payment Dates: Business Day Convention set out in (iv) below /, not subject to adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/[Not Applicable]]
- (v) Additional Business Centre(s): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [●]
- (viii) Screen Rate Determination:
- Reference Rate: [●] month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [●] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR or EURIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR*)
- N.B. Specify the Interest Determination Date(s) up to and including the Extended Final Maturity Date, if applicable*
- Relevant Screen Page: [●] (*In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
- (ix) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (x) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]

– Reset Date: [●]  
*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*

*(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*

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

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

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

(xiv) Day Count Fraction: [Actual/ Actual [(ISDA)/(ICMA)]  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 [30/360] [360/360] [Bond Basis]  
 30E/360  
 30E/360 (ISDA)  
 [adjusted/not adjusted]

16. **Zero Coupon Covered Bond Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

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

(ii) Reference Price: [●]

(iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(iv) Business Day(s): [●]

(v) Additional Business Centre(s): [●]

(vi) Day Count Fraction in relation to Early Redemption Amounts and late payments: [30/360]  
 [Actual/Actual[(ISDA)/(IMCA)]]

**PROVISIONS RELATING TO REDEMPTION**

17. **Issuer Call** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s): [●] per Calculation Amount
- (iii) (If redeemable in part:
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period (if other than as set out in the Terms and Conditions): [●]

*(N.B. If setting notice periods which are different to those provided in the Terms and Conditions Condition 7 (Redemption and Purchase), the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)*

18. **Investor Put** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]

*(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)*

19. **Investor Repurchase Put** [Applicable/Not Applicable]

20. **Final Redemption Amount** Redemption at par



21. **Early Redemption Amount**

Early Redemption Amount payable on [●] per Calculation Amount redemption for taxation reasons or on event of default:

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

22. Form of Covered Bonds:

[Bearer Covered Bonds:

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

*(N.B. The exchange upon notice should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 4 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")*

[Registered Covered Bonds:

registered in the name of a nominee of the [Common Safekeeper]/[common depository] for Euroclear and Clearstream, Luxembourg]

23. [New Global Covered Bond] [New Safekeeping Structure]: [Yes/No]

24. Additional Financial Centre(s): [Not Applicable/give details]. *(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 14(v) and 15(v) relate)*

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

**THIRD PARTY INFORMATION**

[[*Relevant third party information*] has been extracted from (*specify source*). 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 Eurobank Ergasias S.A.

By:

Duly Authorised:

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading and admission to listing: [[Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the regulated market of the Bourse de Luxembourg, and to be listed on the Official List of the Luxembourg Stock Exchange] [*Specify relevant regulated market and, if relevant, listing on an official list*] with effect from [ ]].

[[Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the regulated market of the Bourse de Luxembourg, and to be listed on the Official List of the Luxembourg Stock Exchange] [*Specify relevant regulated market and, if relevant, listing on an official list*] with effect from [ ]].][Not Applicable.]

*(NB: Where documenting a fungible issue need to indicate that original Covered Bonds are already admitted to trading.)*

- (ii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

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

[S&P: [●]]

[[Other]: [●]]

[[Each of [*relevant credit rating agency*]]] is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**).]

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

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

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

**4. YIELD (Fixed Rate Covered Bonds only)**

Indication of yield: /[Not Applicable]

**5. HISTORIC INTEREST RATES (Floating Rate Covered Bonds only)**

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

**6. OPERATIONAL INFORMATION**

ISIN Code:

Common Code:

CFI: /Not Applicable]

FISN: /Not Applicable]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*

*(insert here any other relevant codes such as CINS codes):*

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) number(s) and address/es]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s):

Names and addresses of additional Paying Agent(s) (if any):

Names and address of Calculation Agent (if any):

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper)] *[include this text*

*for registered Covered Bonds*] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered Covered Bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

**7. DISTRIBUTION**

Method of distribution: [Syndicated/Non-syndicated]

If syndicated, names of managers: [Not Applicable/give names]

Date of [Subscription] Agreement: [ ]

Stabilising Manager(s) (if any): [Not Applicable/give name]

U.S. Selling Restrictions: [D Rules/C Rules/TEFRA Not Applicable]

If non-syndicated, name of relevant Dealer: [Not Applicable/give name]

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

*(If the Covered Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

**8. EU BENCHMARKS REGULATION**

EU Benchmarks Regulation: [Not Applicable]

Article 29(2) statement on benchmarks:

[Applicable: Amounts payable under the Covered Bonds are calculated by reference to *[insert name[s] of*

*benchmark(s)*, which [is/are] provided by [*insert name[s]* of the administrator[s] – if more than one specify in relation to each relevant benchmark].

[As at the date of these Final Terms, [*insert name[s]* of the administrator[s]] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority [(ESMA)] pursuant to article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) [(the BMR)].] [*repeat as necessary*]

## INSOLVENCY OF THE ISSUER

The Greek Covered Bond Legislation contains provisions relating to the protection of the Covered Bondholders and other Secured Creditors upon the insolvency of the Issuer.

In the event of insolvency of the Issuer, the Greek Covered Bond Legislation provides that the Cover Pool will at all times remain segregated from the insolvency estate of the Issuer until payment of any amounts due to the Covered Bondholders has been made in full. Upon registration of the Registration Statements with the public registry, the issue of the Covered Bonds, the creation of the Statutory Pledge and the security governed by foreign law (including pursuant to the Deed of Charge), the payments to Covered Bondholders and other Secured Creditors and the entry into of any agreement relating to the issue of Covered Bonds will not be affected by the commencement of insolvency proceedings in respect of the Issuer. All collections from the Cover Pool Assets shall be applied solely towards payment of amounts due to the Covered Bondholders and other Secured Creditors.

Pursuant to the Greek Covered Bond Legislation, both before and after the commencement of insolvency proceedings in respect of the Issuer, the Cover Pool may be autonomously managed until full payment of the amounts due to the Covered Bondholders and the other Secured Creditors has been made. To ensure continuation of the servicing in the event of insolvency of the Issuer acting as the Servicer the Greek Covered Bond Legislation provides that the Transaction Documents may provide for the substitution of the Servicer upon the insolvency of the Issuer.

In the event that no substitute servicer is appointed pursuant to the Transaction Documents, continuation of the servicing is ensured as follows:

- In the event of the Issuer's insolvency under Greek Law 4261/2014, the Bank of Greece may appoint a servicer, if the trustee fails to do so. Such person will be specifically carrying out the servicing of the Cover Pool. Any such person appointed as described above shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed.

Any of the aforementioned parties performing the role of the servicer, as well as the special liquidator that will be appointed by the Bank of Greece to undertake the management of the Issuer, will be required to treat the Cover Pool as a segregated pool of assets on the basis of the segregation provisions of Article 152 and in accordance with the Servicing and Cash Management Deed, the terms of which, including, *inter alia*, the termination, substitution and replacement provisions, will at all times apply.

## **USE OF PROCEEDS**

The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes.



## OVERVIEW OF THE GREEK COVERED BOND LEGISLATION

*The following is an overview of the provisions of the Greek Covered Bond Legislation relevant to the transactions described in this Base Prospectus and of which prospective Covered Bondholders should be aware. The summary does not purport to be, and is not, a complete description of all aspects of the Greek legislative and regulatory framework pertaining to covered bonds and prospective Covered Bondholders should also read the detailed information set out elsewhere in this Base Prospectus.*

### Introduction

The transactions described in this Base Prospectus are the subject of specific legislation, the Greek Covered Bond Legislation. As mentioned elsewhere in the Base Prospectus, the Greek Covered Bond Legislation includes Article 152 of Greek Law 4261/2014 (such law being published in the Government Gazette No. 107/A/5-05-2014 and dealing with, *inter alia*, the access to the activity of credit institutions, (defined elsewhere in this Base Prospectus as Article 152) and the Act of the Governor of the Bank of Greece No. 2598/2007 entitled "Regulatory framework for covered bonds issued by credit institutions" and published in the Government Gazette No. 2236/B/21-11-2007, as amended and restated by the codifying Act of the Governor of the Bank of Greece No. 2620/2009 (published in the Government Gazette No. 2107/B/29-09-2009). The Greek Covered Bond Legislation has been enacted, with a view, *inter alia*, to complying with the standards of article 52(4) of Directive 2009/65/EC (as amended) and Article 129 of Regulation 575/2013, and entitles credit institutions to issue (directly or through a special purpose vehicle) covered bonds with preferential rights in favour of the holders thereof and certain other creditors over a cover pool comprised by certain assets discussed in further detail below.

The provisions of the Greek Covered Bond Legislation that are relevant to the Programme may be summarised as follows:

### Article 152

Credit institutions may issue Covered Bonds pursuant to the provisions of Article 152 and the general provisions of Greek law on bonds (articles 1-9, 12 and 14 of Greek Law 3156/2003).

In deviation from the Greek general bond law provisions, the bondholders' representative (also referred to as the trustee) may be a credit institution or an affiliated company of a credit institution entitled to provide services in the European Economic Area. Unless otherwise set out in the terms and conditions of the bonds the trustee is liable towards bondholders for wilful misconduct and gross negligence.

#### *Cover Pool – composition of assets*

Paragraph 3 of Article 152 provides that the assets forming part of the cover pool may include receivables deriving from loans and credit facilities of any nature and, on a supplementary basis, receivables deriving from financial instruments (such as, but not limited to, receivables deriving from interest rate swaps contracts), deposits with credit institutions and securities, as specified by a decision of the Bank of Greece.

Following an authorisation originally provided by Article 91 of Greek Law 3601/2007 and repeated by Article 152, the Bank of Greece has defined, in the Secondary Covered Bond Legislation, the cover pool eligible assets as follows:

- (a) certain eligible assets set out in paragraph 8(b) of Section B of the Bank of Greece Act No. 2588/20-08-2007 (on the "Calculation of Capital Requirements for Credit Risk according to

the Standardised Approach"), as amended as of 31 December 2010 by the Bank of Greece Act No. 2631/29-10-2010 and by Bank of Greece Act No. 7/10.01.13 including claims deriving from loans and credit facilities of any nature secured by residential real estate. Following the entry into force of Regulation 575/2013 on 1 January 2014, the reference to paragraph 8(g) should be read as a reference to Article 129 of Regulation 575/2013;

- (b) derivative financial instruments satisfying certain requirements as to the scope thereof and the capacity of the counterparty;
- (c) deposits with credit institutions (including any cash flows deriving therefrom) provided that such deposits comply with paragraph 8(b) of Section B of the Bank of Greece Act No 2588/20-8-2007 as amended as of 21 December 2010 by the Bank of Greece Act No 2631/29-10-2010 and by the Bank of Greece Act 7/10.01.2013; and
- (d) Marketable Assets.

Loans that are in arrears for more than 90 days shall not be included in the Cover Pool for the purposes of the calculations required under the Statutory Tests.

The Bank of Greece has also set out requirements as to the substitution and replacement of cover pool assets by other eligible assets (including, *inter alia*, marketable assets, as defined in the Act of the Monetary Policy Council of the Bank of Greece No. 54/27-02-2004 as substituted by Act No. 96/22.04.2015).

#### *Benefit of a prioritised claim by way of statutory pledge*

Claims comprised in the cover pool are named in a document (defined elsewhere in this Base Prospectus as a Registration Statement) signed by the issuer and the trustee and registered in a summary form including the substantial parts thereof, in accordance with article 3 of Greek Law 2844/2000. The form of the Registration Statement has been defined by Ministerial Decree No. 95630/08-09-2008 (published in the Government Gazette No 1858/B/12-09-2008) of the Minister of Justice. Receivables forming part of the cover pool may be substituted for others and receivables may be added to the cover pool in the same manner.

Holders of covered bonds and certain other creditors having claims relating to the issuance of the covered bonds (such as, *inter alios*, the trustee, the servicer and financial derivatives counterparties) named as secured creditors in the terms and conditions of the covered bonds are secured (by operation of paragraph 4 of Article 152) by a statutory pledge over the cover pool, or, where a cover pool asset is governed by foreign law, by a security *in rem* created under applicable law.

With respect to the preferential treatment of covered bondholders and other secured creditors and pursuant to paragraph 6 of Article 152, claims that have the benefit of the statutory pledge rank ahead of claims referred to in article 975 of the Code of Civil Procedure (a general provision of Greek law on creditors' ranking), unless otherwise set out in the terms and conditions of the covered bonds. In the event of bankruptcy of the issuer, covered bondholders and other creditors secured by the statutory pledge shall be satisfied in respect of the portion of their claims that is not paid off from the cover pool in the same manner as unsecured creditors from the remaining assets of the issuer.

To ensure bankruptcy remoteness of the assets in the cover pool, paragraph 7 of Article 152 provides that upon registration of the Registration Statement with the public registry, the validity of the issue of the covered bonds, the creation of the statutory pledge and any *in rem* security governed by foreign law, if any, the payments to covered bondholders and other creditors secured by the statutory pledge, as well as of the entry into force of any agreement relating to the issue of covered bonds may not be

affected by the commencement of insolvency proceedings in respect of the issuer, as such proceedings are defined by Greek law 3458/2006 transposing into Greek law Directive 2001/24.

Paragraph 8 of Article 152 safeguards the interests of covered bondholders and other secured creditors in providing that assets included in the cover pool may not be attached/seized nor disposed by the issuer without the written consent of the trustee, unless otherwise set out in the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 deals with the servicing of the cover pool. In particular, it provides that the terms and conditions of the covered bonds may specify that either from the beginning or following the occurrence of certain events, such as, but not limited to, the commencement of insolvency proceedings in respect of the issuer, the trustee may assign to third parties or carry out itself the collection of and, in general, the servicing of the cover pool assets by virtue of an analogous application of the Greek provisions on servicing applicable to securitisations (paragraphs 14 through 16 of article 10 of Greek Law 3156/2003).

Paragraph 9 of Article 152 also provides that the trustee may also, pursuant to the terms and conditions of the bonds and the terms of its relationship with the bondholders, sell and transfer the assets forming part of the cover pool either by virtue of an analogous application of articles 10 and 14 of Greek Law 3156/2003 concerning securitisation of receivables or pursuant to the general legislative provisions and utilise the net proceeds from the sale to pay the claims secured by the statutory pledge, in deviation from articles 1239 and 1254 of the Greek Civil Code on enforcement of pledges and any other legislative provision to the contrary. For the purposes of facilitating the transfer pursuant to the above mentioned securitisation provisions of Greek Law 3156/2003 the transferor shall not be required to have a permanent establishment in Greece.

In the event of the issuer's insolvency the Bank of Greece may appoint a servicer, if the trustee fails to do so. Sums deriving from the collection of the receivables that are covered by the statutory pledge and the liquidation of other assets covered thereby are required to be applied towards the payment of the covered bonds and other claims secured by the statutory pledge pursuant to the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 also deals with banking secrecy and personal data processing. In particular, it provides that the provisions of paragraphs 20 through 22 of article 10 of Greek Law 3156/2003 that regulate these issues for Greek securitisation transactions shall apply *mutatis mutandis* to the sale, transfer, collection and servicing, in general, of the assets constituting the cover pool.

Paragraph 11 of Article 152 confirms that covered bonds may be offered to the public pursuant to applicable provisions and listed on a regulated market within the meaning of paragraph 10 of Article 2 of Greek Law 3606/2007, as in force, and paragraph 14 of Article 4 of Directive 2004/39/EC, such references to be henceforth read as references to paragraph 22 Article 4 of Greek Law 4514/2018 and Article 4 of Directive 2014/65.

Article 152 authorises the Bank of Greece to deal both with specific issues, such as, the definition of the cover pool, the ratio between the value of the cover pool assets and that of covered bonds, the method for the evaluation of cover pool assets and requirements to ensure adequacy of the cover pool and any details in general for the implementation of Article 152.

### **The Secondary Covered Bond Legislation**

The Secondary Greek Covered Bond Legislation has been issued by the Bank of Greece by virtue of authorisations given by Article 152 as aforesaid. To this effect, the Secondary Greek Covered Bond Legislation, read in conjunction with Article 129 of EU Regulation 575/2013, sets out requirements for the supervisory recognition of covered bonds, including, requirements as to the issuer's risk

management and internal control systems; requirements as to a minimum amount of regulatory own funds on a consolidated basis and capital adequacy ratio; definition and eligibility criteria as to the initial cover pool and the substitution and replacement of cover pool assets; requirements in respect of the ratio between the value of the cover pool assets and the value of covered bonds, the ratio between the net present value of liabilities under the covered bonds and the net present value of the cover assets, the ratio between interest payments on covered bonds and interest payments on cover pool assets and the revaluation of the value of the real estate property mortgaged; requirements for the performance of quarterly reviews by the servicer and annual audits thereof by independent chartered accountants; requirement to appoint a trustee; provisions regarding measures to be taken in the event of insolvency procedures in respect of the issuer; procedures for the submission of documents to obtain approval by the Bank of Greece in respect of the issuance of covered bonds; provisions relating to the position weighting of covered bonds; and data reporting and disclosure requirements.

## EUROBANK ERGASIAS S.A.

### Overview\*

The Issuer and its consolidated subsidiaries (the **Group**) is one of the four systemic banks in Greece, operating in key banking product and service markets. As at 30 June 2018, the Issuer had €56.8 billion, €46.7 billion and €36.4 billion in consolidated total assets, gross loans and advances to customers and customer deposits, respectively, a network of 656 branches and a worldwide workforce of 13,217 employees. Eurobank's registered office is at 8 Othonos Street, Athens 10557, Greece and its telephone number is +30 210 333 7000.

Eurobank offers a wide range of financial services to the Group's retail and corporate clients. Eurobank has a strategic focus in Greece in fee-generating activities, such as asset management, private banking, equity brokerage, treasury sales, investment banking, leasing, factoring, real estate and trade finance. The Issuer is also among the leading providers of banking services and credit to SMEs, small businesses and professionals, large corporates and households. Eurobank's Greek operations for the period ended 30 June 2018 accounted for 76 per cent. of the Issuer's operating income, with international operations accounting for the remaining 24 per cent.

Eurobank has an international presence in six countries outside of Greece, with operations in Bulgaria, Serbia, Cyprus, Romania, Luxembourg and the United Kingdom, which, at 30 June 2018, collectively represented 254 branches and 26 business centres and 31 per cent. of the Issuer's total workforce. As at 30 June 2018, the Issuer's international operations had €11.6 billion in total assets (20 per cent. of the Group's total), €6.3 billion in gross loans (14 per cent. of the Group's total) and €9.6 billion in customer deposits (26 per cent. of the Group's total).

### *Eurobank Group Key Financials*

€m	2Q18	1Q18	1H18	1H17*
Core Pre-provision income	213	200	413	407
Pre-provision income	244	233	477	479
Net profit/(loss) before tax, discontinued operations and restructuring costs	87	76	163	98
Net profit/(loss) attributable to shareholders	1	35	36	76
<b>Ratios ( per cent.)</b>	2Q18	1Q18	1H18	1H17
Net interest margin	2.51	2.51	2.50	2.32
Cost/income	47.1	48.5	47.8	48.1
Cost of risk	1.88	1.86	1.87	1.95
NPE ratio	40.7	41.8	40.7	45.1
NPE coverage	55.9	56.1	55.9	51.1
90dpd ratio	32.5	33.2	32.5	35.3
90dpd coverage	70.0	70.6	70.0	65.2
Loans/Deposits	99.3	102.2	99.3	116.4

\*first half of 2017 comparative information has been adjusted with the presentation of the operations of the Romanian disposal group as discontinued

### Recapitalisation

#### *Eurobank's share capital increases*

In March 2012, the Bank of Greece prepared a strategic review of the Greek banking sector. The review evaluated the sustainability prospects of Greek banks by applying a wide set of supervisory

and operational data, as well as data from BlackRock's 2011 diagnostic assessment of the Greek banking sector commissioned by the Bank of Greece. Eurobank's capital needs were estimated at approximately €5,800 million. Eurobank completed its recapitalisation in the first half of 2013 and received capital support from HFSF of approximately €5,800 million. Following this, HFSF owned approximately 95 per cent. of the shares in Eurobank.

Pursuant to the terms of the May 2013 Memorandum of Economic and Financial Policies (**MEFP**) of the Second Adjustment Programme for Greece, the Bank of Greece conducted follow up stress tests on the basis of data as at 30 June 2013, to update its assessment of the capital needs of Greek banks. The Bank of Greece also commissioned BlackRock to conduct a second independent diagnostic exercise on the loan portfolios of Greek banks, including updated stress tests. The Bank of Greece assessed Eurobank's capital needs at that time to be €2,945 million under the baseline scenario. Eurobank completed a further recapitalisation in May 2014, increasing its share capital by €2,771.6 million. The new shares were placed entirely with private investors and following this share capital increase, HFSF owned approximately 35 per cent. of the share capital of Eurobank.

In November 2015, Eurobank completed a further recapitalisation, this time increasing its share capital by €2,039 million. This was in response to the findings of the European Central Bank's CA exercise in 2015.

In this context, on 3 November 2015, the Issuer's Board of Directors resolved to call an Extraordinary General Meeting on 16 November 2015 to approve a share capital increase (the **SCI**) of up to €2,122 million. On 13 November 2015, the Single Supervisory Mechanism of the ECB recognised €83 million of capital generation that could be taken into account to reduce the Issuer's total capital shortfall identified as part of the CA. Following this recognition, the maximum amount of capital to be raised through the SCI reduced to €2,039 million.

The capital increase was effected by means of a private placement to institutional and other eligible investors in Greece and internationally through a book building process, with the Issuer's then existing ordinary shareholders and preference shareholder waiving their pre-emption rights.

In combination with the aforementioned SCI a liability management exercise (the **LME**), was launched by Eurobank on 29 October 2015 relating to the tender offer of €877 million (face value) of outstanding eligible senior unsecured, Tier I and Tier II securities.

Based on the results of the book building process, the Issuer's Board of Directors set the offer price at €0.01 per offered new share or €1.00 following the 100-to-1 reverse stock split. Accordingly, on 23 November 2015, following the completion of the SCI of total amount of €2,039 million, the Issuer announced that the 2,038,920,000 new ordinary registered shares were allocated as follows: (a) 1,621,150,153 of the new shares (80 per cent. of all new shares) to qualified investors, eligible institutional and other investors who meet certain criteria; and (b) 417,769,847 of the new shares (20 per cent. of total of all new shares) to investors whose securities had been finally accepted for purchase in accordance with the terms and conditions of the Issuer's LME.

The new shares are listed on the main market of the Athens Exchange and their trading commenced on 2 December 2015.

### *2018 Stress Tests Results*

On 5 May 2018, the ECB announced the results of the Stress Tests (**ST**) for the four Greek systemic banks, including Eurobank. Based on feedback received by the Single Supervisory Mechanism (**SSM**), the ST outcome along with other factors that have been assessed by the Supervisory Board (**SB**) of the SSM, pointed to no capital shortfall and no capital plan needed for the Issuer as a result of the exercise.

Under the adverse scenario, the Issuer's total capital adequacy ratio (CAD), including the effect of Tier 2 securities, issued in January 2018, is 9.5 per cent., and the Core Tier 1 Capital (CET1) ratio is 6.8 per cent. These ratios would be ca. 40 bps higher, at 9.9 per cent. and 7.2 per cent. respectively, if the positive impact from the sale of the Romanian disposal group (completed in early April 2018) was taken into account. The capital depletion stood at €3.4 bn (8.7 ppts, excluding the negative impact of 250 bps related to the phase-out of grandfathered preference shares). Under the baseline scenario, the Bank is capital accretive, with CAD and CET1 ratios increasing at 19.3 per cent. and 16.6 per cent., respectively. These ratios would be ca. 40 bps higher if the positive impact from the sale of the Romanian disposal group was included.

The Issuer's performance in the ST confirms that it remains resilient to external shocks. The Issuer's total capital and overall solid performance allows it to further streamline efforts on the implementation and delivery of its business priorities, focusing on effective management and rapid decrease of stock of non-performing exposures in line with its plans, as well as providing financing to its clients, to the Greek economy and the region. The above business priorities, along with additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad will generate or release further capital and/or reduce risk weighted assets, contributing to the further strengthening of the Group's capital position.

#### *Restructuring plan*

On 29 April 2014, the European Commission (EC) approved the Issuer's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Issuer's revised restructuring plan in the context of the recapitalization process in 2015. Further information in respect of the restructuring plan and the relating principal commitments included therein, is provided in the note 6 of the consolidated financial statements for the year ended 31 December 2017.

In the period ended 30 June 2018, the Group has met/respected the remaining commitments of the restructuring plan including: (a) the reduction of the portfolio of the Group's foreign assets (non-related to Greek clients), following the completion of the sale of the Romanian disposal group, in April 2018 and (b) the reduction of the net loans to deposits ratio for the Group's Greek banking activities below the limit of 115 per cent., as the respective ratio has improved to 113 per cent. on 30 June 2018 (31 December 2017: 128 per cent.).

#### **Eurobank's Strategy**

The Issuer has developed a strategy to enable its business to operate profitably and maintain a strong capital base in the current economic situation in Greece. The primary target of the Group is to achieve sustained profitability, through further expansion of the pre-provision income, substantial reduction in credit provisions and strengthening of international operations business profits. The initial phase of this strategy has been implemented and the key components of the next phase of this strategy are as follows:

*Focus on segments with liquidity and profitability potential, aiming to become Eurobank's clients' primary bank*

The Issuer will focus its business generation activity on those parts of its customer base where it has a strong market position, in particular, corporate, SME, small businesses and professionals (SBs) and affluent individual customers. These customer segments also have the potential to provide high levels of liquidity (e.g. deposits) and profitable business opportunities to the Issuer. Within each such customer segment, the Issuer will focus on those customers who have the highest business opportunities potential, based on the liquidity, resilience in the financial crisis, and competitiveness within their respective business sectors, and will aim to become the primary banking relationship for

such customers. The Issuer has adopted a segment-based organisational structure, which identifies clients according to client size, complexity and revenue potential. The Issuer also uses advanced client profitability measurement tools and key performance indicators, such as economic value added and risk-adjusted return on capital. The Issuer believes that the combination of its organisational structure and its advanced analytics tools will enable it to identify and develop the customer relationships that deliver the highest levels of profitability and liquidity.

*Offer differentiated service levels based on customer value to the Group*

The Issuer will differentiate its customer service, offering a high quality service model to targeted customer segments and a low cost service model to other customer segments. This strategy will be enabled by its dual-brand network, digital distribution channels (such as phone banking, e-Banking and m-Banking) and customer analytics capabilities, which will assist the Issuer in identifying what matters most to different customers.

*Offer a wide array of ancillary services through dedicated teams and enabling tools, aiming to increase the Issuer's fee and commission income and deposit gathering*

The Issuer's leading market positions in key fee-generating businesses provides an opportunity to increase its fee and commission income and to enhance its deposit gathering. The Issuer intends to achieve this through:

- offering risk and liquidity management services for business clients, combined with its transaction banking and cash management offering;
- cross-selling capital-light products, in particular, pursuing opportunities to cross-sell its products to customers of the former New TT HPB; and
- expanding the POS terminal network and range of e-products, demand for which is growing in response to capital controls and anti-tax evasion measures.

The Issuer believes its expertise in providing advisory services on European funding programmes, as well as its "Exportgate" platform and leading position in fee generating activities, including factoring, cash management, trade finance, corporate finance, debt capital markets and brokerage, will support this strategy.

*Pursue digital transformation to become a leader in digital banking*

The Issuer aims to enhance efficiency, improve service excellence and become a digital banking leader through the adoption and increased use of advanced IT systems and tools. The Issuer actively pursues a number of initiatives, which include the accelerated development and promotion of all the Issuer's alternative distribution channels with a unique customer experience, such as e-Banking and m-Banking, as well as the end-to-end digitisation of its operations.

*Reduce costs through an efficient operating model and structural changes to increase efficiency*

The Issuer has identified a number of initiatives that it is pursuing to increase efficiency and reduce costs. These initiatives include:

- optimising its network footprint;
- reducing its non-staff related costs, including real estate and procurement;



- streamlining, optimizing and leaning its operational processes and procedures and organisational structures;
- reviewing selective outsourcing and in-sourcing opportunities;
- streamlining its product portfolios and reducing the number of product codes; and
- further rationalising its international operations with a focus of liquidity and profitability.

#### *Implement a robust NPE strategy to manage the Issuer's NPE stock*

The Issuer aims to reduce significantly the level of its NPE stock. To address this issue, the Issuer has already proceeded with the following strategic actions:

- established a fully operational NPE Unit focused on curing and collecting NPEs directly and through partnerships;
- established an independent Troubled Assets Committee (**TAC**) providing strategic guidance and monitoring;
- partnered with another Greek systemic bank, with KKR and EBRD for large corporate NPEs turnaround;
- the sale of a non-performing unsecured consumer loan portfolio of unpaid total principal amount of €1.5 billion to Intrum Group. The servicing of the portfolio has been delegated to Financial Planning Services S.A., which is the 100 per cent. owned by Eurobank licensed NPL servicer; and
- together with the other three systemic banks (Alpha Bank, National Bank of Greece and Piraeus Bank), entered into an internationally innovative servicing agreement with a credit institution specialised on servicing of non-performing loans, doBank S.p.A. doBank will support the four systemic banks in the exclusive management of common non performing exposures of more than 300 Greek SMEs with approximate nominal value of €1.8 billion.

### **History and Development of the Group**

The Issuer was incorporated under the laws of Greece on 11 December 1990 under the name "Euromerchant Bank S.A.". Following the acquisition of a controlling interest in the Bank of Athens (incorporated as a legal entity in 1924) in 1998, the Issuer was absorbed by the latter in March 1999 and is presently operating as a credit institution in the form of a *société anonyme* under Law 2190/1920, to be replaced as of 1 January 2019 by Greek Law 4548/2018 (either, as applicable, the Greek Law on Sociétés Anonymes), Law 4261/2014 and other laws applicable to credit institutions and listed companies in general, and is registered with the Hellenic Ministry of Economy and Development (General Electronic Commercial Registry (**G.E.M.I.**) with registration number 000223001000). The Issuer's ordinary shares were listed on the Athens Exchange (**ATHEX**) in 1999. As at the date of this Base Prospectus, Eurobank is the principal operating company of the Group and the direct or indirect parent company of the operating subsidiaries in the Group.

### **Retail Banking**

#### *Overview*

Eurobank is one of the leading financial institutions in Greece with a significant role in the country's retail banking landscape, with 352 branches (of which 46 are operating under the New Hellenic

Postback (**HPB**) brand of the former New TT HPB as at 30 June 2018. The Issuer offers its retail customers a broad range of deposit, loan, investment and bancassurance products as well as other retail banking services.

The Issuer's current retail banking model is structured around its core customer segments, a multi-channel distribution platform and centralised, integrated product units. The Issuer's core segments cover individuals (which includes affluent individuals, salary earners and mass clients), as well as SBs. The Issuer's multichannel distribution platform includes a nationwide network of branches with segment-oriented relationship managers, digital distribution channels (such as phone banking, e-Banking and m-Banking), the Greek postal offices network, as well as other third party partners (e.g. automobile dealers, real estate brokers). Finally, the Issuer's centralised product units design and deliver the whole spectrum of retail banking products and services with a focus on customer relevance and efficiency.

For the fifth consecutive year, Eurobank Retail Banking has been awarded as the Best Retail Bank in Greece from World Finance Magazine. Eurobank has consistently differentiated itself against the competition primarily through its customer driven and technology enabled innovation as well as its customer service. Eurobank's objective is to set the client at the epicentre of its business model based on the principles of simplicity, transparency and seamlessness and to build solid, well-rounded banking relationships with its clients. On this front, Eurobank's on-going transformation from a product-centric to a customer centric approach focuses on developing an end-to-end segment driven sales and service model with an efficient multi-channel distribution platform. In addition, the Retail Customer Experience unit was established, reporting to senior management, which aims to improve customer complaints management and customers' overall experience with the Issuer.

The Issuer's operations cover the whole spectrum of banking products & services, ranging from deposit and investment products, cards, household lending products, transactional services and bancassurance products.

### **Mortgage lending**

The Group's mortgage loan portfolio balances in the Greek market amounted to €15.1 billion as at 30 June 2018.

The prolonged economic crisis has severely affected the property market, resulting in a significant decrease in the number of new mortgage loans.

Eurobank applies its customised "Risk & Value Based Pricing" policy designed to reward customers based on their credit profile and their overall relationship with the Issuer by providing preferential pricing on their mortgage loans. The Credit profile is determined by the applicant's National Credit Bureau (*Teiresias*) score, as well as by internally developed credit risk models. Emphasis is given to the value applied to certain customer groups, such as customers who have maintained their deposit or investment relationship with the Issuer. Furthermore, the above also applies to customers meeting certain other criteria, such as Group Sales customers and Personal and Private Banking customers. Customised pricing policies applied aim to preserve valuable relationships and to further enhance and broaden customer's cooperation with the Issuer. Going forward, the Issuer is planning to maintain its market share in Mortgage Lending (*circa* 22 per cent. in total outstanding balances) in a market believed to recover and grow.

### *Consumer lending*

The Group's consumer loan portfolio in the Greek market, including car loans, stood at €3.1 billion of outstanding balance as at 30 June 2018.

Eurobank continues to promote consumer loan products through tailored promotional activities directed towards existing customers. Through its "Risk & Value Based Pricing" policy, Eurobank offers more favourable and customised pricing terms to low credit risk customers.

The Issuer's strategy in the consumer loans business is to focus on purpose-specific loans and loans addressed to Group Sales customers, while implementing a sophisticated multichannel sales approach for both existing and prospective clients.

The Issuer is actively present in the Auto financing business through an extended network of dealers. The Issuer sustains valuable relationships with all the significant dealers and distributors in the Greek market.

#### *Credit, debit and prepaid cards and acceptance services*

Eurobank offers a wide variety of card products. Total number of Eurobank cards (credit, debit and prepaid) under management amounted to 2.6 million cards as at 30 June 2018. Total Point of Sale turnover for the card portfolio during the first half of 2018 was *circa* €2.5 billion, with 41 per cent. yoy increase. The Issuer's total credit card balances in the Greek market were €1.2 billion as at 30 June 2018.

The Issuer's strategy for its credit cards issuing business remains the development of the prime segments, the focus on major co-brand partnerships and the expansion of its well-established cards loyalty program "€pistofo". The Issuer offers some of the most powerful co-branded card schemes in the Greek market, providing customised rewards to customers, in collaboration with major partners such as:

- Aegean airlines: Greece's largest Greek airline,
- Cosmote: Greece's largest telephone & telecommunications provider,
- Eko & Lamda Development: Greece's largest petrol retailer and the developer of the three largest shopping malls in Greece respectively,
- Attica department stores: A major high-end retailer,
- Masoutis: A leading supermarket chain.

The strategic partners hold leading positions in their respective industries with wide national networks covering almost all consumer needs.

The Issuer's debit card portfolio has grown significantly and has reached record volumes, reaching a year on year increase of 60 per cent. in POS transactions. The Issuer's debit card can be instantly obtained in-branch and offers contactless functionality. "€pistofo" – Eurobank's loyalty program – with more than 10 years of successful presence in the Greek market, ranks first in terms of awareness, conveniences, ease of use and value according to independent surveyors (source: MRB 2017).

With over 2.6 million participating credit and debit cardholders – and with a network of more than 8,000 affiliated merchants, including top brands & industry leaders across all sectors – "€pistofo" remains the most distinguished and awarded cards loyalty program in Greece.

The program is the only Greek cards loyalty program to reward all debit card holders and has a significant impact in increasing card usage and in safeguarding affiliated merchants' relationships with the Issuer in a highly competitive market.

Furthermore, the program's pioneering mobile applicable "Επιστροφι App" that reached a record number of 300,000 registered users in June 2018 and was further enhanced with new functionalities, enables Eurobank to perform highly personalised tailor-made marketing campaigns, using behavioural, geographical and transactional data.

"Επιστροφι App", has been shortlisted for the 2017 Loyalty Magazine Awards for the 2nd successive year and received 2 gold awards in categories such as Best Use of Mobile in a Loyalty Programme. The increase in card usage in the Greek market, as described earlier, has created an exceptional demand for Point of Sale (**POS**) terminals installation, even in sectors such as private entrepreneurs and freelancers who traditionally used cash as their preferred payment method. The Issuer's POS network comprised of more than 250,000 terminals. Moreover, the Issuer's network of e commerce 4.000. In first half of 2018, the Issuer's total Acquiring POS turnover reached €3.5 billion, achieving a year on year increase of 29 per cent.

The Issuer remains aligned with its strategic focus on the "Travel & Entertainment" industry and builds upon the increasing international volumes. Moreover, emphasis is placed on launching card acceptance initiatives in areas without terminals.

Where digital technology applies, the Issuer is a pioneer in Greece and offers advanced electronic payment methods for its credit and debit card offerings as well as for its card acceptance terminals.

Recently the Issuer introduced "Dynamic Currency Conversion" functionality, and it also become a member of the "China Union Pay" payment scheme.

#### *Group sales*

Group Sales Relationships, namely the acquisition and cultivation of payroll clients and pensioners, play an important role in the Issuer's strategy. Focus is given to leveraging existing relationships with high potential profile companies, to attracting specific public servants and seniors/pensioners with customised propositions and to developing the existing customers base, under the principle "track the customers' income, capture the customers' spending". The Issuer's holistic approach – active both at a company as well as an individual employee level – aims to increase the number of group sales customers, enhance their loyalty to the Issuer and provide a unique customer experience while at the same time increasing the segment's profitability.

The Issuer has developed the "Privileged Payroll Account" (**PPA**), the core special payroll package for employees who receive their payroll through the Issuer and the "Integrated Pensioners Program" for retirees who receive their retirement payments in Eurobank. Bundling several products and services, both programmes offer the Issuer's customer benefits and privileges in all key banking products and services. As of 30 June 2018, the Issuer's total client base with payroll relationship exceeded 12,500 companies and public utilities and 631,000 individual customers (out of which 278,000 are private sector employees, 101,000 are public servants and 252,000 are retirees).

#### *Personal Banking*

Services vary from dedicated Relationship Managers accredited by the Bank of Greece to "branded" branch space, to global statement, newsletter, exclusive phone banking line, as well as lifestyle privileges, such as travel, real estate and concierge services.

In 2018, Eurobank Personal Banking remained dedicated to its goal of providing top-class personal banking customer service. In 2018, a series of initiatives have been implemented, such as elite events and product offers in order to recognize our clients' loyalty. In addition, last year was successfully completed the integration of Affluent clients of NTT into Personal Banking. The Personal Banking executives focused on applying an integrated approach to meet the needs of affluent customers, by

informing them regularly on the products and services, investment options and alternative service available to them. Services vary from dedicated Relationship Managers accredited by the Bank of Greece to "branded" branch space, to global statements, newsletters, an exclusive phone banking line as well as lifestyle privileges, such as travel, real estate and concierge services.

Personal Banking clients have access to a number of exclusive products and services with preferential pricing, including a full assortment of deposit, transactional banking, investment and bancassurance products.

In 2018, Personal Banking managed to increase its customer base intact with an increase on deposits above market average while continuing to contribute significantly on the Bancassurance & Mutual funds sales of the Issuer.

### *Small Business (SB) Banking*

Despite the challenging environment in the Greek market for loan financing of small businesses and professionals (with an annual turnover of up to €5 million), the Group has managed to maintain its strong position in the Small Business lending sector in Greece, with a loan portfolio of €6.4 billion as of 30 June 2018.

The Group actively participates in all Greek and European state sponsored funding initiatives, such as COSME, EASI & TEPIX in order to facilitate access to finance for SME's.

This year Eurobank made a dynamic entrance in the Agricultural Sector with the Programme Business Banking Agriculture, offering a bundle of banking services, tailored to the needs of the professionals and enterprises of the sector.

For the eighth consecutive year, Eurobank created a branded tailor made offer of banking and non-banking services, business banking tourism addressing the need of enterprises in the broader tourism sector. Additionally, along with the lines of the same strategy, a tailor-made programme was created, addressing exporters and business banking exports.

The Issuer's strategy for small businesses and professionals focuses on business sectors and companies that have demonstrated resilience and competitiveness throughout the economic crisis in Greece, are typically export oriented and have the potential for multi-product relationships.

As at the period ended 30 June 2018, the Issuer experienced increases in its transactional banking business, i.e. on a year on year basis POS turnover increased by 29 per cent.; e Banking active users increased by 26 per cent.; and sight account balances increased by 15 per cent., in a period of significant deposit outflows from the banking system.

### *Deposit products*

Acquiring deposits is a key strategic priority for the Issuer. Customer deposits amounted to €36.4 billion as at 30 June 2018 compared to €33.8 billion as at 31 December 2017. The Issuer offers a comprehensive range of deposit products which includes every day, savings and time deposit accounts, coupled with special privileges and reward programmes. In 2018, Eurobank continued its customer centric approach providing its clients with the possibility to gain extra benefits in the form of €pistrofi rewards or other added value tangible benefits. A large number of new customers were attracted by €pistrofi, Eurobank's loyalty scheme, which is offered to Eurobank's deposit accounts through debit card usage. All deposit accounts provide additional value to Eurobank's clients by rewarding them for using their debit cards instead of cash while they perform their everyday shopping.

At the same time, the Issuer consistently continues to support its customers and their saving effort by offering a wide range of saving solutions for the entire family that reflects their needs and stage of life. As at 30 June 2018, more than 665,000 customers held "Megalo Tamieftirio" (**Big Savings**) accounts. Stressing the importance of saving as a new way of life, the Issuer continues to support clients who make the extra effort to save by providing incentives to regular savers. Acknowledging customer loyalty and trust as major assets, the Issuer focuses on savings, supporting families and children to realise their dreams. 172,000 children are already owners of the saving account "Megalono" (Growing Up) and till the first half of 2018 10 children doubled their account savings through the Greek "Laiko" Lottery (€9,885).

Despite the heavily regulated environment due to capital controls, the Issuer managed to increase its market share in deposits as at the first half of 2018 versus 2017. The cost of deposits remains at historical low helping the Issuer's financial results.

#### *Retail Transaction Banking*

Retail Transaction Banking specialises in developing and enhancing transactional banking services across all channels and segments with the goal of increasing fees from daily transactions.

#### ***Bancassurance***

The Bank's holistic approach contains the offering of Bancassurance products to both companies and individuals across all channels and segments. Bank's strategy remains to enhance loyalty and customer experience and at the same time to increase received commissions.

#### **Distribution channels**

##### *Retail banking network*

The retail banking network of Eurobank was comprised of 352 branches in Greece as at 30 June 2018. Of these branches, 46 are operating under the "New TT branch network" brand under the Issuer's dual brand strategy principle (one bank, two brands). In addition to its retail banking network, the Issuer also has 7 private banking centres and 17 corporate banking centres.

On 19 November 2001, TT Hellenic Postbank S.A. (**TT HPB**) entered into a co-operation agreement with ELTA, Greece's national postal services provider, which in 2007 was extended until 31 December 2021. The Issuer decided to re-negotiate with the ELTA the agreement framework to identify its benefits and manage the vast alternative network of more than 680 branches in Greece; its sales performance, product offering, operational model etc. in such a way that would mutually benefit both agreement parties going forward. ELTA is a potential low cost to serve channel for Retail Banking, offering high margin products, covering "untapped" geographical areas and targeting lower mass sub segments of pensioners, public sector employees, low-income youths and immigrants.

##### *Alternative channels*

##### *Self Service Terminals (SSTs)*

As of 30 June 2018, the Issuer's Self Service Terminals network was deployed in 1368 points of service; 385 ATMs and 479 Automated Transaction Centres (ATCs) located in branches of the Retail Banking network, as well as 400 ATMs located in non-Issuer sites (offsite) and 104 ATMs located in Hellenic Post Offices. The SSTs usage accounts for 41 per cent. of the total banking monetary transactions whereas 89 per cent. of the total cash withdrawals are performed at the ATMs. The Issuer has also replaced 51 per cent. of the obsolete onsite and offsite ATM fleet, with newest high-end

technology terminals and launched new redesigned ATM surrounds to increase visibility and usage, to highlight the digital transformation of the fleet and increase customer satisfaction and retention.

#### *Contact Centre (Europhone Banking)*

The Issuer's Contact Centre is a 24 hour customer service channel, operating with both agents and voice banking self-service platform handling the entire range of Retail Banking products and services offered and being alongside a major sales channel for bancassurance products. For the period ended 30 June 2018, the Contact Centre has processed 2.04 million monetary and informational transactions, with an aggregate value of approximately €79 million, while contacting 1.51 million Eurobank customers through phone, e mail, Click2Chat & Click2Call. The cross sell effort of Europhone agents resulted in 95,000 new written premia of bancassurance products.

#### *Centralised complaints management*

The Issuer's customer complaints management has improved performance throughout the first half of 2018. Centralised complaints handling for Retail customers showed increase of the complaints resolved within two days percentage (18 per cent. versus first half of 2017), and decrease of the average resolution time by five calendar days versus first half of 2017.

#### **Digital Banking services**

During 2018, the Issuer maintains its strategic focus for continuous growth and development of sophisticated electronic services. As a result, Eurobank has been honoured with the Global Finance Award 2018 for the Best Digital Bank for Consumers in Greece.

#### *E-Banking*

The Bank's e-Banking service offers a broad range of online transactions, advanced security mechanisms and interactive 24 hour support, as well as a number of innovative services including e statements and notifications. During 2018, the Bank introduced an advanced Omnichannel digital offering for individuals and Small Business that provides enhanced functionalities and optimum user experience. Within the first half of 2018, 681,000 users, individuals and businesses were serviced at e-Banking. The number of active e-Banking customers and the number of transactions increased by 26 per cent and 15 per cent respectively, compared to 2017.

E-Banking share on total Bank monetary transactions is 31.5% whereas the share of transfers and payments is 73% on total Bank.

#### *M-Banking*

During 2018, the Issuer upgraded the "Eurobank Mobile App", following a "single app" strategy for all its services served via the mobile channel. The new container mobile app for individuals includes services from Banking, payments, as well as adding value services, such as loyalty integration & tools for customer personal financial management.

Within the first half of 2018, approximately 282,000 individual customers used the m-Banking application for their transactions. Active m-Banking users increased by 47 per cent and transactions using the platform increased by 72 per cent (as compared to 2017).

m-Banking share on total Bank monetary transactions is 3.9% whereas the share of transfers and payments is 9% on total Bank.

e-Banking and m-Banking are in total the channel with the highest contribution within the Bank, regarding the number of monetary transactions during the first semester of 2018.

#### *Customer Journey Mapping and Feedback Management*

The Voice of the Customer (**VoC**) programme, measured loyalty and satisfaction level of 52,000 customers. Moreover 5,500 comments from all available sources (surveys, social media, complaints, employee feedback) were analysed and 300 specific actions were identified. The team collaborated across Bank Units to launch the "Customer Manifesto". A set of 11 promises that puts the customer in the centre of the attention, educating employees how to be aligned with these promises, the company's values and strategic priorities.

#### *Advanced Analytics and Campaign Management*

During 2018, the Issuer continued to apply a comprehensive and complementary range of analytical services & automations in order to achieve its transformation into a highly intelligent enterprise that offers exceptional customer experience.

### **Group Corporate and Investment Banking**

The main objective of Group Corporate and Investment Banking (**GCIB**) is to provide fully integrated business solutions to SMEs and very large and complex corporate clients. The basic pillars of the Issuer's Group Corporate and Investment Banking business model are the following:

#### *Large Corporate*

Large Corporate (**LC**) is responsible for covering the rising and complex strategic, financial, structuring and banking needs of very large and sophisticated corporate clients with sales of above €150 million and presence in Greece and South-Eastern Europe (**SEE**). LC serves as the main point of contact for all financial solutions and products included in the Issuer's portfolio for these clients. In total, the portfolio consists of more than 100 groups in Greece and is mainly focused on the energy, industrials, consumer and retail, services, health and construction sectors.

#### *Commercial Banking*

The main objective of Commercial Banking (**CB**) is to build a strong holistic relationship with large and medium sized enterprises, through providing both standard and tailor made financing solutions, as well as the full spectrum of banking services (i.e. Transaction Banking, Treasury & Insurance Services), in the most efficient manner. The calibre and drive of the experienced Relationship Managers comprising the CB team are key to providing prompt delivery and quality service to the Issuer's clients.

The Commercial Banking Network oversees the relationship with medium-sized clients nationwide (**SME**), via a network of 14 business centres (4 flagships) and 7 business units.

This structure aims to ensure:

- (i) proximity and quality of services offered to clients through better business understanding; and
- (ii) closer monitoring of clients' performance and proactive action in order to mitigate risks and maintain the quality of the Issuer's assets.



In co-ordination with the Group's specialised units, CB offers a range of commercial banking products and services to clients, including a wide variety of funding solutions, treasury products, cash management and transaction services, investment banking and structured financing.

In its mission to be the partner of choice for its customers and actively contribute to the Greek economy, CB has taken a series of initiatives and has launched a number of campaigns. CB has also been a major supporter of robust medium-sized companies that maintain a solid domestic or foreign market share.

### *Structured Finance*

Structured Finance is responsible for providing specialised structured financing products and services and operates as a centre of expertise for all the countries of SEE where the Group has a presence. Structured Finance has four units, offering full and integrated services in the following areas:

#### *Project Finance*

The Project Finance Unit provides a broad range of services, primarily involving financial consulting structuring and arrangement of complex financing for major infrastructure and energy projects in Greece and the countries of SEE, as well as for public private partnerships (**PPPs**). The unit combines solid experience and leading capabilities in financial advisory services and arrangement of Project Finance transactions, and is hence considered as one of the leaders in the Greek market.

In 2017, the Project Finance unit focused on providing advisory services for infrastructure and development projects, such as – more recently – the privatisation of the 14 regional airports and the extension of the concession agreement of Athens International Airport working as advisor to the Hellenic Republic Development Asset Development Fund (**HRADF**), as well as on managing and enriching a robust lending portfolio. In terms of lending, emphasis was placed on the completion of new financing deals in the renewable energy sector with local and international groups active in the Greek energy market, on terms that reflected the volatile conditions in the market, thus enabling experienced groups operating within the particular industry to implement their investment plans. The Unit also explored and executed selective secondary market trades related to motorway concessions in Greece. Finally, the portfolio performance was positive, with very few nonperforming loans (less than 1 per cent. of the portfolio).

#### *Commercial Real Estate Finance*

Commercial Real Estate Finance (**CRE**) is a specialised unit that provides financial advisory services, organises and structures complex financings for all types of large commercial real estate, such as office buildings, malls, logistic centres and mixed-used complexes, while large-scale residential complexes and industrial facilities also fall within its remit. Furthermore, CRE is responsible for the Issuer's repossessed companies in the Commercial Real Estate sector. During the last couple of years, particular emphasis was placed on handling also the respective non-performing part of the Issuer's portfolio, due to the expertise involved; the strategy formulation for the entire portfolio and the implementation of some long-term restructurings with substantial results was successful.

Commercial Real Estate Finance is focusing on building long-term relationships with its clients, offering tailor-made financing solutions aimed at meeting customer needs, while also introducing unique, innovative solutions. CRE participates, among other projects, in practically all landmark shopping malls financings in Greece.

Eurobank was nominated as Best Real Estate Bank Overall in Greece for 2016 and 2017 according to the Euromoney annual real estate surveys. During both years the Issuer was ranked first in all

relevant real estate categories, namely: Loan Finance, Equity Finance, Debt Capital Markets, M&A Advisory.

#### *Leverage Finance and Special Situations*

Leverage Finance and Special Situations is a dedicated unit responsible for the structuring and arrangement of complex leverage finance transactions concerning company acquisitions and complex/structured financing deals and products (including convertibles, exchangeables, etc.). The Leverage Finance and Special Situations unit has become a benchmark in the Greek market, also assisting other units of the Issuer, as an internal advisor, in structuring complex transactions and restructuring deals. The division maintains open channels of communication with the investors' community in Greece and abroad in regard to all relevant transactions.

The unit led the vast majority of the high profile LBOs in Greece and the region with first half of 2018 landmark transactions.

#### *Hotels and Leisure*

The Hotels and Leisure unit was established in 2013 as a specialised unit aiming to provide integrated services and meet the specialised needs of corporate clients in the hotel industry. The unit's loan portfolio focuses primarily on hotel capital and operating expenditure financing cash management, as well as balance sheet and operational restructurings. This unit's core strategy is to capitalise on the strong fundamentals and macroeconomic trends of the hotel sector in order to improve the cash flow of the existing portfolio and assets, but also to pursue selective investments and financings on the basis of strong cash flow and premium collaterals. The Issuer is strategically positioned in the largest hotel groups that collaborate with the top international tour operators.

Hotels that receive financing from Eurobank are mainly located at the most popular holiday destinations for international tourists in Greece: Crete (26 per cent.), Rhodes (38 per cent.) and Kos (16 per cent.).

#### *Shipping*

Eurobank maintains a steady presence of more than 25 years in the field of shipping finance, financing Greek shipping companies with an established presence either as private traditional family companies or as parent companies, under conservative terms. Shipping finance is extended solely to companies representing Greek interests with large or medium fleets, primarily in connection with the financing of purchases of either second hand or newbuilding vessels employed in transporting dry bulk cargo, wet cargo and containers.

The Shipping Unit's primary objective is to develop the Group's position in the Greek shipping market as a strategic player using the full range of the Group's products and services. The Group's established coverage of the Greek shipping sector has enabled the Issuer to establish a large deposit base, which, despite outflows due to sovereign risks exposure, continues to provide a funding base for its shipping loans. In collaboration with other Eurobank teams (Treasury, Private Banking, Investment Banking, Structured Finance, Mortgage Lending), the specialised Shipping unit offers comprehensive services in the areas of corporate and private wealth management. The Group seeks to maintain the high credit quality of its shipping portfolio, further developing its long standing relationships with its core client base and entering into new client relationships.

#### *Loan Syndications and Debt Capital Markets*

Loan Syndications and Debt Capital Markets (**LS&DCM**) is responsible for the structuring and arrangement of a broad range of specialised and highly structured financing deals, including corporate

syndicated loans/bond loans, convertible bonds and exchangeable bonds. During first half of 2018, LS&DCM has managed to maintain for another year its leading position in the syndicated loan market in Greece, acting as mandated lead arranger/coordinator in some of the most prominent transactions, (indicatively Ikos Olivia €55 million syndication, ADMIE €228 million bond loan, Vivartia restructuring, Hellenic Petroleum €400 million syndicated bond loan) while expanding to almost 100 the number of loans under management/on-going monitoring.

The unit is also managing for secondary loan trading activity, liaising with international banks' trading desks, funds and brokers and aiming to optimise and enhance Bank's portfolio and market position either through credit exposures' increase in attractive returns (on a stand-alone or on a portfolio basis) or alternatively through exiting from challenging relationships.

### *Investment Banking and Principal Capital Strategies*

Eurobank Investment Banking (**IB**) offers M&A advisory and Capital Markets services to a wide range of corporate clients, their shareholders and private equity firms. The M&A team provides customised solutions regarding mergers, acquisitions, divestitures and capital restructurings. In addition, the Capital Markets team offers advisory and underwriting services with respect to clients' capital raising needs.

Throughout 2017, the IB unit continued to provide strategic advisory services to a number of corporate clients such as the acquisition of the remaining shares of FHL Kyriakides from its majority shareholder (Management Buyout), the tender offers for Grivalia and Ionian Enterprises (Hilton Athens), as well as to the Hellenic Republic Asset Development Fund (**HRADF**) regarding the extension of the Concession Agreement of Athens International Airport. In addition, the IB unit acted as advisor to certain important transactions, such as the sale of the formerly named CAPSIS hotel in Rhodes and the sale of the landmark King George Hotel in Athens. Furthermore, the IB unit was engaged as an advisor in a number of transactions concerning private companies in a wide range of sectors including gaming, retail and hospitality.

In the capital markets sector, the IB unit acted as a process advisor to the merger of Mytilineos with METKA.

In addition, the IB unit acted as underwriter for the initial listing of BriQ Properties on the Athens Stock Exchange, and supported Nikas and Frigoglass in their respective share capital increases.

### *Cash and Trade Services*

Cash and Trade Services (**CTS**) was established in 2008 with the objective of offering comprehensive and innovative transactional banking services as a one stop shop for Eurobank's corporate clients by assisting them in streamlining and automating their daily processes, mitigating risk and expanding their reach. Since 2016, CTS has also become the hub for transactional banking services for Eurobank's SME clients offering a full suite of services such as payment and cash management, trade and supply chain finance, payroll and bancassurance.

In trade finance specifically, Eurobank in cooperation with supranational organisations such as EBRD, EIB and IFC supports its clients to strengthen their position in International trade business by providing them with risk mitigation for individual trade transactions, through a continuously growing network of issuing and confirming banks. Furthermore, Eurobank embracing innovation and new digital technology launched Exportgate.gr, a built-for-purpose platform to extend a number of services to Greek businesses. Exportgate.gr enables them to access the latest expert knowledge and insight about business conditions around the world, to find trustworthy international counterparties and facilitate their business expansion through the Trade Club Alliance.

CTS's successful servicing model, quality and completeness of its offering and strong long lasting relations with clients has been recognised by the following international awards:

- Best Domestic Cash Manager 2018, by Euromoney for the eighth consecutive year;
- Best Domestic Trade Finance provider 2017, by Euromoney;
- Best Trade Finance Provider in Greece for 2018, by Global Finance;
- Best Corporate/Institutional Digital Bank for 2017, by Global Finance; and
- Best Treasury and Cash Management Provider 2018 in Greece by Global Finance for the fifth consecutive year.

#### *Securities Services*

Eurobank has built a strategic position in the securities services business since 1992. The Group's success in this area has been driven primarily by its long-standing commitment to high service standards and the provision of a full range of post trading services both in Greece and in SEE.

Eurobank is the only provider in Greece to offer a full range of products, including local and global custody, issuer services, derivatives clearing, margin lending, middle-office services and funds accounting, to both local and foreign investors, across all types of instruments.

The quality of the Issuer's regional securities services offering is ISO Certified and is internationally appreciated or highly rated by specialised industry magazines such as "Global Custodian" and "Global Finance", which have recognised Eurobank's leading market position on an annual basis.

- Best Securities Services Provider in Greece for 2017, by Global Finance twelve times over the last thirteen years;
- Top Rated Custodian for Institutional Investors in Greece, by Global Custodian for thirteen consecutive years.

#### *Interbank Relations and Payment Services*

Eurobank maintains a dedicated Correspondent Banking Division offering specialised relationship management for all its clients, and is the only bank in Greece with centralised payment services, enabling cost-effective payments execution and optimal cash management solutions. The Issuer's payment services are ISO 9001:2008 certified and were recognised with the 2016 Citi Straight Through Processing Excellence Award for U.S. Dollar and Euro payments, the 2017 Deutsche Bank's International Award for Operational Excellence in international payments in US dollars and Euros as well as Commerzbank's STP Award 2015 for excellent quality in the delivery of commercial payments and financial institution transfers.

#### *Leasing*

Eurobank Ergasias Leasing S.A. (**Eurobank Leasing**), a 100 per cent. subsidiary of Eurobank, has been among the two largest Greek leasing groups/companies for the last ten years, holding a market share of approximately 24 per cent. at YE 2017 (Source: Association of Greek Leasing Companies). Eurobank Leasing's key strength is its extensive experience in the Greek leasing market, which has led to a sound knowledge of all financial leasing products and services.

Eurobank Leasing operates as a separate product centre within the Group, thus enabling it to make use of important economic and cost synergies, while at the same time retaining an independence, which ensures flexibility and speed in dealing with key business, risk and legal aspects of leasing.

Eurobank Leasing's main goals are to provide financing mostly to export-oriented dynamic companies in the form of leasing for production equipment, vehicles and selective real estate and to sell or lease repossessed real estate and other assets. At the same time, it participates jointly with Eurobank in restructuring deals aiming to help viable existing clients that face temporary financial distress due to current macroeconomic conditions.

Finally, Eurobank Leasing also supports the Leasing Subsidiary of the Group in Bulgaria.

### *Factoring*

Eurobank Factors, a 100 per cent. subsidiary of the Issuer is the leading factoring company in Greece and a two-time worldwide winner of Best Export Import Factor Award (2009 and 2011), granted by Factors Chain International, the largest world factoring association. Eurobank Factor's market share for 2017 stood at 34 per cent. (Source: Hellenic Factors Association). The company was ranked 3rd worldwide and 1st in Europe for another consecutive year for its Export Factoring services. The ranking was announced at the 49th Annual FCI meeting in Lima (Peru, June 2017).

The Group also has a strong factoring presence in Bulgaria.

### *Eurobank Equities*

Eurobank Equities is Eurobank's brokerage firm providing a full range of trading and investment services to over 10,000 private, corporate and institutional clients in Greece and abroad. The firm has a dominant presence in the domestic capital market position, underpinned by its leading market share (ranked first the last nine years Source: Hellenic Stock Exchange) and its recognition in the Pan European Extel Survey as top tier in "Leading Brokerage Firm" in Greece for the last five years. The same survey has also ranked Eurobank Equities Research as top tier in the "Country Research" category for the last five years.

The firm's Institutional Sales and Trading desk offers sales and execution services to the largest Greek and Global Institutional clients involved in domestic equities and derivatives by providing valuable local insight and idea-focused investment advice.

Through its broad sales network, Eurobank Equities also maintains a leading position in the retail brokerage segment, offering full and discount brokerage services for both Greek and international markets.

Finally, Eurobank Equities provides market-making services to a significant amount of securities in both the cash and derivatives market.

## **Global Markets and Wealth Management**

The Global Markets and Treasury General Division is engaged in four primary categories of activities:

- structuring and sales of products & services to corporate, shipping, institutional, retail and private banking clients;
- DCM Syndication of Greek Corporate Bond Issues;

- taking of investment positions; and
- wholesale funding, liquidity and banking book asset-liability management.

The Global Markets and Treasury General Division operates with a centralised model based in Greece, where all positions and risks are consolidated, and offers an integrated approach to Greece and the countries of SEE and Western Europe in which the Group operates. In each country, Treasury operations are standardised and report directly to Athens.

Global Markets has a strong DCM syndication team that has been active in coordinating and Lead Managing most of the Greek Corporate issues that came to the market over the last months (Mytilineos, OPAP, Terna Energy, GEK Terna and Sunlight).

The Group sets strict limits for transactions that it enters into, and the Risk Management Division monitors such transactions on a daily basis. Limits include exposures towards individual counterparties (in accordance with the evaluation of the credit risk of the particular counterparty), and countries, as well as control of Value at Risk (**Var**). The Group uses an automated transaction control system, which supports the dealing room in its monitoring and management of positions and exposures.

The Group's investment, market making and customer execution activities also include corporate and government bonds, structured products, FX spot and OTC FX derivatives as well as OTC interest rate derivatives.

The Group offers its clients a wide range of wealth management services, as well as access to global capital markets. These services include private investments, advisory services, brokerage services, portfolio management, asset management and research services in Greece and SEE.

#### *Asset Management*

The Group provides asset and fund management services in Greece and abroad through its specialised subsidiary Eurobank Asset Management MFMC. Eurobank Asset Management MFMC holds the leading position in Greece in the area of fund and asset management with total assets under management amounting to almost €3.0 billion as at 30 June 2018.

Eurobank Asset Management MFMC managed €2.0 billion of total assets in 56 funds domiciled in Greece, Luxembourg and Cyprus and had a market share of approximately 30 per cent. in the area of funds distributed in Greece as at 30 June 2018 (Source: Hellenic Fund and Asset Management Association). Through Eurobank Fund Management Company (LUX) SA. (one of the Group's subsidiaries in Luxembourg), the Group offers a wide variety of funds under the brands Eurobank (LF) Funds and Eurobank (LF) Fund of Funds that are, distributed in Greece, Luxembourg, Romania and Bulgaria. The funds offered cover a broad range of investment options and provide access to capital and money markets in Greece, Europe and the United States as well as emerging markets, satisfying a diverse range of investment profiles.

Eurobank Asset Management MFMC also managed more than €0.9 billion in 26 segregated accounts. It also offered portfolio management services to 23 institutional clients with a total of more than €0.54 billion in assets and managed the portfolios of Eurobank Group clients in Greece, Luxembourg and Cyprus with €0.4 billion of assets.

Eurobank Asset Management MFMC also provided fund selection services in mutual funds of 14 internationally recognised fund managers, with a total of €0.9 billion of assets.

### *Private Banking*

The Group continues to enhance the breadth of its Private Banking offering in several areas. For example, the Group focused its efforts in 2017 on its Luxembourg based private bank subsidiary, which, among other services, opened a new branch in London, United Kingdom. In 2017, the Group's Private Banking Greece unit was named the "Best Private Bank in Greece" in separate surveys by World Finance and Global Finance. As at 30 June 2018, the Issuer had 5,594 clients and €5.53 billion of assets under management, of which 56 per cent. came from Greece, 19 per cent. from Luxembourg and 25 per cent. from Cyprus.

### *International Operations*

The Group has a regional presence in Central, Eastern and SEE that includes Member States in the euro area (Cyprus, Luxemburg), EU member state (Bulgaria) and one EU candidate state (Serbia). As at 30 June 2018, the Issuer's international operations accounted for total gross loans and advances to customers amounting to €6.3 billion, total deposits of €9.6 billion, 254 branches and 26 business centres. A key priority of the Group is to support dynamic businesses and households in these countries, thereby confirming its systemic role in the wider region.

The Group continues to support the economies of the wider region through its participation in the "Vienna Initiative" where issues such as the strengthening of local currencies through more extensive use in lending and more effective management of problematic debts are envisaged.

In addition, Eurobank continues its collaboration with international institutions, such as the EBRD, the International Finance Corporation (**IFC**) and the EIB for the granting of financing through the Group's subsidiary banks in Bulgaria, Serbia and Cyprus, with the aim of supporting small and medium sized enterprises in the region. These arrangements have been supplemented with additional specialised trade finance facilities by the same institutions.

For the first half of 2018, Eurobank's international operations reported a net profit before discontinued operations and restructuring costs of €73.2 million, as compared to a net profit before discontinued operations and restructuring costs of €64.6 million over same period last year.

### *Bulgaria*

In Bulgaria, the Group operates through its wholly owned subsidiary Eurobank Bulgaria, known under its commercial brand name "Postbank", which had 174 branches and 10 business centres as at 30 June 2018. As at the same date, in Bulgaria the Group had total gross loans of €2.9 billion, of which 43 per cent. were retail (households) and 57 per cent. were businesses, and total deposits of €3.3 billion.

In the second quarter of 2018, Bulgaria's GDP rose by 3.4 per cent., according to the express survey of the National Statistical Institute. The growth was led by the consumption which grew by 4.7 per cent., compared with the same quarter of 2017. Growth of investments slowed down to 4.4 per cent., while the contribution of the external sector was negative. Exports grew by 2.7 per cent. (compared with 4.4 per cent. in the previous quarter), while growth of imports remained stable at 4.6 per cent.

The Bulgarian banking system remains robust, with the processes of consolidation continuing. In the second quarter of the year the nominal growth of loans and deposits hit a new record since the crisis. Gross loans were up 6 per cent. Year on Year (**YoY**), while the growth of deposits was 8.5 per cent. YoY. Postbank holds a strategic position in retail and corporate banking in Bulgaria. Postbank maintained its long-term strategy of being client centred institution working with care for the people and the community. It went beyond the conventional market of bank products, by establishing a new client-centred banking model with a strong focus on digitalization and innovation.

The Bulgarian operations reported a net profit of €30.3 million for the first half of 2018 while sustained negative NPE formation. The capital adequacy of Eurobank Bulgaria remains at high levels, with a capital adequacy ratio (regulatory capital over risk-weighted assets) of 21 per cent. as at 30 June 2018, significantly higher than the Central Bank's minimum requirement of 13.5 per cent.

The operations in Bulgaria were especially successful in attracting deposits, while continue lowering the cost of funds. The deposits level allowed our operations in Bulgaria to be self-funded and report a net loan to deposit ratio at 80 per cent. as at 30 June 2018.

Eurobank Bulgaria also offered new loan products and factoring products to support small and medium sized enterprises, while simultaneously providing appropriate restructuring solutions to customers facing financial distress.

### *Serbia*

In Serbia, the Group operates through its wholly owned subsidiary Eurobank akcionarsko drustvo Beograd (**Eurobank Beograd**), which had 80 branches and 7 business centres as at 30 June 2018. As at the same date, the Group in Serbia had total assets of €1.4 billion, gross loans of €1 billion, of which 49 per cent. were retail (households) and 51 per cent. were businesses, and total deposits of €0.9 billion.

Serbian operations reported a net profit of €9.5 million for the first half of 2018, improved by 28 per cent. as compared to the same period last year. The capital adequacy of Eurobank Beograd was 30.78 per cent. (regulatory capital over risk-weighted assets) as at 30 June 2018, higher than the Central Bank's minimum requirement of 8 per cent.

Since 2012, Eurobank Beograd has partnered with international financial institutions, such as the IFC, EBRD and EIB, to provide loans to domestic enterprises and companies. Also, in 2012, Eurobank Beograd participated in the launch of the process for the first EUR/CHF currency swap agreement in the region with EBRD.

Corporate social responsibility has been a key priority for Eurobank Beograd since its establishment, and its contributions to Serbian society has been acknowledged by the country's leadership and number of awards. In recent years, Eurobank Beograd has actively supported the youth, culture and environment of local communities. During 2018, Eurobank Serbia continued with Corporate Social activities, through the following main pillars: Social Solidarity (volunteering activities within local CSR Forum, UNICEF activities, support of vulnerable social groups etc.), Education (restoration of kindergarten playgrounds and school premises) and Health (restoration of hospital units).

### *Cyprus*

In Cyprus, the Group operates through its wholly owned subsidiary Eurobank Cyprus Ltd (**Eurobank Cyprus**), which had 8 business centres as at 30 June 2018.

Eurobank Cyprus continues to deliver positive results, thus strengthening its position in the Cyprus banking sector. Specifically, for the first half of 2018, Cyprus operations net profit reached €30.6 million.

As at 30 June 2018, Eurobank Cyprus had deposits of €4.4 billion and gross loans of €1.6 billion, of which a significant part is fully cash collateralised, and a net loans to deposits ratio at 35.8 per cent. The Group's operations in Cyprus maintain strong liquidity, with cash primarily invested in low-risk short-term assets.



Eurobank Cyprus is strongly capitalised with a capital adequacy ratio of 26.4 per cent., (regulatory capital over risk-weighted assets) as at 30 June 2018, significantly higher than the minimum overall capital requirement set by Central Bank of Cyprus (currently at 11.5 per cent.).

The successful performance further strengthens the leading position Eurobank Cyprus enjoys in the areas of international business banking, wealth management, corporate and commercial banking and capital markets. Eurobank Cyprus continues to be focused on providing excellent services to its clientele, based on its high calibre personnel, long experience in the market and innovative product range.

As at 30 June 2018, Eurobank Cyprus had total assets of €5 billion. The strong capital base of Eurobank Cyprus combined with the good quality of the loan portfolio ensured the protection of the liquidity position of Eurobank Cyprus against any future risks.

#### *Western Europe (Luxembourg and United Kingdom)*

Through the Issuer's subsidiary in Luxembourg, Eurobank Private Bank Luxembourg S.A. (**Eurobank Luxembourg**), the Group has developed a significant presence in Private Banking, Wealth Structuring and Management, Funds Administration, Investment Advisory, and Lending services for both private and corporate clients. Furthermore, Eurobank Luxembourg provides administrative and custody services for Investment Funds and further functions as a booking center for corporate loans of the Eurobank Group. Luxembourg is ranked as Eurozone's top private banking center and second biggest location for funds worldwide. As at 30 June 2018, Eurobank Luxembourg operations had balance sheet assets of €1.32 billion, ample liquidity with a Liquidity Coverage Ratio (LCR) of 568 per cent. (regulatory minimum of 100) and a strong capital base, as manifested by a Basel III solvency ratio of 50.8 per cent. comprised fully of Tier 1 Equity (well above regulatory minimum of 10.75 per cent.).

#### **Other activities**

In addition to the products and services described above, the Issuer is also engaged in the following activities, both in Greece and in the other countries in which Eurobank operates.

#### *Troubled Assets Group*

Following the publication of the Act of the Executive Committee of the Bank of Greece Executive Committee's Act No. 42/30.5.2014 and its amendments, that details the supervisory directives for the administration of exposures in arrears and non-performing loans, Eurobank has proceeded with a number of initiatives to adopt the regulatory requirements and empower the management of troubled assets. In particular, the Issuer transformed its troubled assets operating model into a vertical organisational structure through the establishment of the Troubled Assets Committee and Troubled Assets Group General Division.

The Troubled Assets Group (**TAG**), with a direct reporting line to the Chief Executive Officer, is responsible for the management of the Group's troubled assets portfolio, for the whole process, from the pre delinquency status in case of high risk exposures up to legal workout.

The target of the operating model is to reinstate customers' solvency, reduce overall handling costs for delinquent accounts and improve the portfolio profitability by maintaining low portfolio delinquency rates and facilitating negotiations with delinquent customers. In order to ensure the efficient management of the troubled assets portfolio, more than 2,500 full-time equivalent employees are involved in NPLs management operations across the Issuer, of whom c.a 1,200 are dedicated professionals within the various TAG operating units.

The main organisational pillars of TAG are:

- Retail Remedial General Division, a dedicated collections and remedial management unit for retail borrowers, incorporating FPS, the only wholly owned subsidiary servicing platform in the market;
- Corporate Remedial General Division, a specialised remedial unit covering high risk corporate clients;
- Collateral Recoveries Sector, a centralized unit for collateral foreclosure and claim announcement;
- TAG Risk Management and Business Policies Sector, an internal control unit responsible for ensuring policies alignment, regulatory compliance and performance measurement;
- TAG Operational Risk Management Sector, a unit responsible for the operational risk management including compliance, fraud and quality assurance;
- TAG Business Planning Sector, a unit responsible for supporting the Head of TAG in the coordination of projects related to organizational or business transformation; and
- Business Improvement Program Management Sector, a specialized unit responsible for the coordination & monitoring of all TAG programs and the provision of supporting services to critical TAG business improvements.

TAG, by employing best-in-class strategies, tools, technical resources and human capital, aims to significantly contribute to the Group's profitability, in a socially responsible manner. To this end, the main actions undertaken by TAG in the first half of 2018 were the following:

- Similarly, with 2017, TAG has overall exceeded in the first half of 2018 the key regulatory targets for NPE reduction.
- Continued and strengthened the strategic focus towards long-term viable restructuring solutions, offered through a wide array of products, segmentation criteria and decision trees.
- Leveraged the electronic auction platform, which was launched in February 2018, and contributed to the effective processing of the planned foreclosure actions.
- A set of dynamic decision-support systems were developed in the context of managing the troubled portfolios that aim to improve decision making, facilitate the offering of optimum solutions and limit uncertainty.
- Reorganization and reinforcement of the key functions of the General Division in order to accommodate the new legislative developments towards the reduction of NPEs and to ensure the efficient management of the troubled assets portfolio.
- Staff was further developed through additional training programs and e-learning courses.
- Evolved and further developed a comprehensive program for the purpose of supporting and monitoring, in a structured manner, all business and Information Technology (IT) actions and initiatives serving the reduction of NPEs, which is a top priority for the Issuer.
- Participated in key interbank initiatives to establish a solid governance framework and a collaborative partnership among all banks.

The Troubled Assets Committee (TAC) has been also established in order to provide strategic guidance and monitoring of the troubled assets of Eurobank ensuring independence from business and compliance with the requirements of Decision 42/2014.

The Deputy CEO of the Issuer and Executive member of the Board of Directors is specifically entrusted with the close monitoring of the troubled assets management strategy.

The TAC's propositions and reports are also submitted to the Group Chief Risk Officer, who expresses his opinion on the effectiveness of the troubled assets management strategy to the Board of Directors by submitting the relevant report to the Board Risk Committee.

The main responsibilities of the TAC are as follows:

- process centrally all the internal reports regarding troubled assets management under the provisions of Bank of Greece Act 42/30.05.2014 and its amendments;
- approve the available forbearance, resolution and closure solutions by loan sub portfolio, and monitor their performance through suitable key performance indicators (KPIs);
- define criteria to assess the sustainability of credit and collateral workout solutions (design and use of "decision trees");
- determine the parameters and the range of responsibilities of the bodies and officers involved in the assessment of viability and sustainability of the proposed modifications and the subsequent monitoring of their implementation;
- design, monitor and assess pilot modification programmes (in cooperation with other business units);
- evaluate proposals for the sale of the Issuer's distressed assets portfolio, as well as for the potential provision of services of managing troubled assets of third parties; and
- supervise and provide guidance and know-how to the respective troubled assets units of the Issuer's subsidiaries abroad.

Driven by the requirements set in the memorandum of understanding signed in 2015 by the Hellenic Republic, the European Commission and Bank of Greece, SSM requested the Greek Significant Institutions to develop a roadmap that will lead to a significant reduction in the stock of NPEs for the period 2016-2019. In September 2016 the Issuer submitted to SSM a comprehensive NPE management strategy with a thorough and time bounded action plan that will lead to a significant NPE reduction by the end of 2019, accompanied with a set of key targets and monitoring indicators requested to monitor the effectiveness of the NPE Strategy. As per the regulatory requirements, the NPE reduction plan of the Issuer is revisited and communicated to SSM at the end of September of each calendar year, providing quarterly projections for the upcoming year. The Issuer duly submitted to SSM on 29 September 2017, an updated NPE reduction plan and the respective Management Strategy.

The achievement of NPE reduction is mainly driven by sustainable modifications, active collection management, collateral realisation, debt sales and write offs. The course to meeting the SSM targets is reviewed on a quarterly basis by the supervisory authority who might request additional corrective measures, if deemed necessary.

### *Agreement between the four Greek systemic banks and doBank S.p.A for the management of a portfolio of NPEs*

On 31 July 2018, the four systemic banks (Alpha Bank, National Bank of Greece, Eurobank and Piraeus Bank) entered into an internationally innovative servicing agreement with a credit institution specialized on servicing of non-performing loans, doBank S.p.A. (doBank). This agreement is part of the strategic framework of the Greek systemic banks to reduce their non-performing exposures by protecting the viability of small and medium enterprises (SMEs) and supporting the recovery of the Greek economy. doBank will support the four systemic banks in the exclusive management of common non-performing exposures of more than 300 Greek SMEs with approximate nominal value of €1.8 billion, by facilitating the effective search of viable restructuring solutions when feasible. This cooperation, considering doBank's significant experience and know-how, is expected to substantially contribute to the resolution of the SMEs and the improvement of the recoverability of their debts.

### *Operational targets for Non-Performing Exposures (NPEs)*

In accordance with the latest relevant BoG report issued in September 2018, in the second quarter of 2018 the Greek banks managed in total to meet the targets for the reduction in the stock of NPEs. More specifically, at the end of June 2018, the stock of NPEs (excluding off-balance sheet items) amounted to €88.6 billion or €1.6 billion lower than the targeted amount. With respect to the target for the stock of NPLs (90 days past due loans), their balances stood at €61.0 billion, or €0.3 billion higher than the respective target. As at 30 June 2018, the Issuer has reduced the stock of NPEs by €0.8 billion since 31 December 2017 to €17.3 billion (including loans to customers accounted for at fair value through profit or loss) outperforming the respective target submitted to SSM by €0.5 billion.

### *Legal framework*

In June 2018, significant legislative changes towards the reduction of NPEs include the voting of Law 4549/2018, which amends Law 3869/2010 for the settlement of amounts due by over-indebted individuals and the Law 4469/2017 for the operating framework of the out-of-court workout mechanism for businesses.

### *Property Services*

Eurobank Property Services S.A., is the real estate arm of the Group and is one of the largest real estate services providers in Greece. The company provides an integrated range of high quality services through its team of experienced executives.

Its activities also extend to the countries of South East Europe (Romania and Serbia) through the operation of subsidiary companies.

The integrated range of services the company offers includes real estate agency services, advisory services related to the development and management of clients' real estate properties (companies and individuals), building energy efficiency improvements, property and facilities management and a complete range of technical services in due diligence such as technical audits, consulting services for properties with urban/legal issues, valuation of electromechanical equipment and issuing Energy Performance Certificates (EPC).

As part of the provision of digital services, the company's Research and Analysis Department has developed a holistic market monitoring and residential property portfolio risk management system; the EPS Analytics platform. This particular platform includes a comprehensive range of tools such as Residential and Commercial Property Market Indices, Forecasts, Automated Valuation Models (AVMs), Value at Risk (VaR) Models, as well as Market Reports.

## Disaster Recovery and Information Technology

The Group's operations are supported by three state of the art fault tolerant IT data centres which fully meet information security standards, including Disaster Recovery capabilities, and are certified to the ISO 27001:2013, ISO 9001:2008 (since 2000) and ISO 22301:2012 (since 2013) standards. They are designed according to international best practices, widely utilising private cloud, virtualisation and environment protection controls.

The core banking applications in Greece and in the countries of Central, Eastern and South-Eastern Europe in which the Group operates are integrated within the framework of a customer centric and multichannel fault tolerant architecture. They are also supported by specialised analysis, information dissemination and risk management systems based on the corporate data warehouse platforms.

The Group's IT operates in accordance with a modern IT service management model, certified to the ISO 20000:2013 standard. Measurements conducted on an international level confirm its effectiveness and efficient cost management, placing it among the top bank IT units in Europe over the last six years.

Cyber security and the protection of information systems and transactions from cyber threats is a top priority for the Group. Optimum security measures are taken on time to address the constantly evolving cyber security threats as well as related regulatory requirements. Cyber security is fully integrated into the Group's strategy, structure and operations, from the development of new digital services and products to the way IT systems, data and infrastructure are safeguarded.

## Shareholding and voting rights

Based on notification received from:

- the Hellenic Republic Financial Stability Fund (**HFSF**) on 2 December 2015, the percentage of the ordinary shares with voting rights held by the HFSF out of the total number of ordinary shares with voting rights issued by the Issuer amounted to 2.38 per cent., which corresponds to 52,080,673 ordinary shares with voting rights out of total 2,185,998,765 ordinary shares with voting rights issued by the Issuer. On the above HFSF ordinary shares and voting rights of HFSF the provisions of article 7a par. 2, 3 and 6 of 1, 3864/2010 (restricted voting rights) are applicable;
- the company Fairfax Holdings Limited (**Fairfax**) on 4 December 2015, the percentage of the Issuer's voting rights held indirectly by Fairfax, on 2 December 2015 through its controlled subsidiaries, out of the total number of the Issuer's voting rights, excluding those held by the HFSF, amounted to 17.29 per cent., corresponding to 369,028,211 voting rights of the Bank's ordinary shares; and
- the company "The Capital Group Companies, Inc." (**Capital**) on 4 December 2015, the percentage of the Issuer's voting rights held indirectly by Capital on 2 December 2015, out of the total number of the Issuer's voting rights, excluding those held by the HFSF, amounted to 8.5457 per cent. The above percentage relates to 182,358,578 voting rights of "Capital Research and Management Company", a company controlled by Capital.

The remaining voting rights are held by natural and legal persons, none of which, to the knowledge of the Issuer, holds 5 per cent. or more.

Finally, pursuant to the resolution of the Extraordinary General Meeting of the Shareholders (ordinary and preference) dated 3 November 2017, the Issuer, on 17 January 2018, completed the full redemption of its preferences shares without voting rights held by the Hellenic Republic of total

nominal value €950,125,000 according to the provisions of par. 1a, article 1, of Law 3723/2008. The redemption has been completed partially with cash and partially with the issuance of Tier II capital instrument of total amount €950,000,000 according to the EU Regulation 575/2013. As a result, the Issuer no longer makes use of or is otherwise subject to the special framework provided by the Hellenic Bank Support Plan set out by aforementioned Law 3723/2008.

The Issuer is the Group's parent and principal operating company. On 30 June 2018, the Issuer consolidated 61 companies under the full consolidation method and 11 companies under the equity method.

## **Eurobank Management Team**

### *Board of Directors*

The current Board of the Issuer consists of thirteen Directors, of whom four are executives, two are non-executives, six are independent non-executives and one is the representative of the HFSF, who has been appointed (as non-executive Director) in accordance with relevant legal requirements. According to the Issuer's Articles of Association, the Board may consist of three (3) to twenty (20) members, while, under the RFA, this range has been specifically set to be between seven (7) and fifteen (15) members (including the representative of the HFSF). Furthermore, according to the HFSF corporate governance review criteria developed as per the relevant provisions of Law 3864/2010, the target size of Board members has been set up to thirteen (13).

The Board of Directors of the Issuer, along with their positions held on the Board, the Committees to which they are appointed and their principal activities outside the Group, which are significant with respect to Eurobank, as at 24 September 2018, comprises the following persons:

<i>Name</i>	<i>Position held on the Board of Directors (BoD) of Eurobank</i>	<i>Principal activities outside the Group</i>		
		<i>Positions held on BoD Committees of Eurobank</i>	<i>Company</i>	<i>Position</i>
Nikolaos V. Karamouzis	Chairman, Non-Executive Director	1. Audit Committee, Member 2. Nomination Committee, Member 3. Strategic Planning Committee, Chairman	1. Hellenic Federation of Enterprises (SEV) 2. Foundation for Economic and Industrial Research (IOBE) 3. Hellenic Bank Association (HBA) 4. Colonnade Finance S.a.r.l. 5. Alexander S. Onassis Foundation (ASOF) 6. Alexander S. Onassis Public Benefit Foundation (ASOPBF)	1. Vice-Chairman Non-Executive 2. Member 3. Chairman Non-Executive 4. Manager 5. BoD, Member 6. BoD, Member
Fokion C. Karavias	Chief Executive Officer	1. Strategic Planning Committee, Member	-	-
Stavros E. Ioannou	Deputy Chief Executive Officer	1. Strategic Planning Committee, Member	1. Grivalia Properties REIC	1. BoD, Non-Executive Director
Theodoros A. Kalantonis	Deputy Chief Executive Officer	1. Strategic Planning Committee, Member	1. Eurolife ERB General Insurance S.A. 2. Eurolife ERB Life Insurance S.A.	1. Vice – Chairman Non-Executive Director 2. Vice–Chairman Non-Executive Director

Konstantinos V. Vassiliou	Deputy Chief Executive Officer	1. Strategic Planning Committee, Member	3. Eurolife ERB Insurance Group Holdings Societe Anonyme 4. ERB Insurance Services S.A. 1. Kultiia S.A. 2. Karampela Bros S.A. 3. Hellenic Exchanges – Athens Stock Exchange S.A. 4. Stone Group S.A.	3. Vice–Chairman Non-Executive Director 4. Vice-Chairman 1. Shareholder (49%) 2. Shareholder (<3.5%) 3. BoD, Non-Executive Director 4. Non-Executive Member of the Advisory Committee
George K. Chryssikos	Non-Executive Director	-	1. Praktiker Hellas S.A. 2. Grivalia Hospitality S.A. 3. Grivalia Properties REIC 4. Cloud Hellas S.A. 5. Grivalia New Europe S.A. 6. Seferco Development S.A. 7. Reco Real Property A.D. 8. Eliade Tower S.A. 9. Mytilineos Holdings S.A.	1. BoD, Non-Executive Director 2. BoD, Non-Executive Director 3. CEO, Executive Board Member 4. Executive Director 5. Executive Director 6. Executive Director 7. Member of Supervisory Board 8. Executive Director 9. BoD, Non-Executive Director
Richard P. Boucher	Non-Executive Independent Director	1. Audit Committee, Member 2. Risk Committee, Chairman	1. Atlas Mara 2. CRH Plc 3. Nkana Kitwe Risakake Company Limited	1. BoD, Non-Executive Director 2. BoD, Non-Executive Director 3. Executive Director
Rajeev Kakar	Non-Executive Independent Director	1. Risk Committee, Vice – Chairman 2. Remuneration Committee, Chairman	1. Gulf International Bank	1. BoD, Non-Executive Independent Director
Bradley Paul L. Martin	Non-Executive Independent Director	1. Audit Committee, Vice- Chairman 2. Risk Committee, Member 3. Remuneration Committee, Vice – Chairman 4. Nomination Committee, Vice - Chairman	1. Blue Ant Media Inc. 2. Resolute Forest Products Inc. 3. Fairfax Financial Holdings Limited 4. AGT Food & Ingredients Inc	1. BoD, Non-Executive Director 2. Chairman, Non-Executive Director 3. Executive Officer 4. BoD, Non-Executive Director
Jawaid A. Mirza	Non-Executive Independent Director	1. Audit Committee, Chairman 2. Risk Committee, Member	1. Commercial International Bank (CIB)	1. BoD, Non-Executive Director
George E. Myhal	Non-Executive Independent Director	1. Nomination Committee, Member	1. Trisura Group Limited 2. Brookfield Annuity Corporation 3. Brookfield Annuity Holdings Inc 4. Riskcorp Inc 5. Windermere Investment Corporation	1. Non-Executive Director 2. Non-Executive Director 3. Non-Executive Director 4. Non-Executive Director 5. Controlled entity
Lucrezia Reichlin	Non-Executive Independent Director	1. Risk Committee, Member 2. Remuneration Committee, Member	1. Ageas Insurance Group 2. Messagerie Italiane Group	1. Non-Executive Director 2. Non-Executive Director

		3. Nomination Committee, Chairwoman	3. Now-Casting Economics Limited	3. Chairman & Co-Founder – Non-Executive Director
			4. International Financial Reporting Standards Foundation ( <b>IFRS</b> )	4. Trustee
			5. Banca Carige SpA	5. Director
Aikaterini K. Beritsi	Non-Executive Director (representative of the HFSF under Law 3864/2010)	1. Audit Committee, Member 2. Risk Committee, Member 3. Nomination Committee, Member 4. Remuneration Committee, Member	-	-

For the purposes of this Base Prospectus, the business address of each member of the Board of Directors of Eurobank is that of Eurobank Ergasias S.A.'s registered office.

### *Executive Board*

The Chief Executive Officer establishes committees to assist him as required, the most important of which is the Executive Board. The Executive Board's members along with their principle activities outside the Group which are significant with respect to the Issuer, as at 24 September 2018, are the following:

<i>Principal activities outside the Group</i>			
<i>Name</i>	<i>Position held on Executive Board of Eurobank</i>	<i>Company</i>	<i>Position</i>
Fokion C. Karavias	Chairman	-	-
Stavros E. Ioannou	Member	1. Grivalia Properties REIC	1. BoD, Non-Executive Director
Theodoros A. Kalantonis	Member	1. Eurolife ERB General Insurance S.A. 2. Eurolife ERB Life Insurance S.A. 3. Eurolife ERB Insurance Group Holdings Societe Anonyme 4. ERB Insurance Services S.A.	1. Vice – Chairman Non-Executive Director 2. Vice – Chairman Non-Executive Director 3. Vice – Chairman Non-Executive Director 4. Vice-Chairman
Konstantinos V. Vassiliou	Member	1. Kultia S.A. 2. Karampela Bros S.A. 3. Hellenic Exchanges – Athens Stock Exchange S.A. 4. Stone Group S.A.	1. Shareholder (49%) 2. Shareholder (<3.5%) 3. BoD, Non-Executive Director 4. Non-Executive Member of the Advisory Committee
Christos N. Adam	Member	-	-
Dimosthenis I. Arholidis	Member	-	-
Harris V. Kokologiannis	Member	-	-
Christina Th. Theofilidi	Member	-	-
Constantinos A. Vouvounis	Member	1. Global Finance S.A.	1. BoD, Director
Iakovos D. Giannaklis	Member	-	-
Michalis L. Louis	Member	-	-
Anastasios L. Panoussis	Member	1. Achilefs III Energiaki Ltd. 2. Tiresias Bank Information Systems	1. Shareholder (50%) 2. BoD, Non-Executive Director



	S.A.	
3.	LEOMAR Properties Single Private Company	3. Shareholder (100%)

Apostolos P. Kazakos Member - -

For the purposes of this Base Prospectus, the business address of each member of the Executive Board is that of Eurobank Ergasias S.A.'s registered office.

There are no potential conflicts of interest between the duties to Eurobank of each of the members of the Board of Directors and the members of the Executive Board listed above and their private interests or other duties.

## Subsidiaries and Associates

In its effort to provide its clients with an active and competitive presence in all categories of financial products and services, Eurobank has established specialised subsidiaries and forged alliances with other organisations for the joint development and distribution of products.

The proportions of shares in subsidiary undertakings which are included in Eurobank's Group consolidated financial statements are shown below:

<i>Subsidiary Undertakings</i>	<i>% as at 30.06.2018</i>	<i>Country of Incorporation</i>	<i>Category of Business</i>
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services	98.01	Greece	Business-to-business e-commerce, accounting and tax services
Eurobank Asset Management Mutual Fund Mngt Company S.A.	100.00	Greece	Mutual fund and asset management
Eurobank Equities S.A.	100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.	100.00	Greece	Leasing
Eurobank Factors S.A.	100.00	Greece	Factoring
Eurobank FPS Loans and Credits Claim Management S.A.	100.00	Greece	Loans and Credits Claim Management
Eurobank Property Services S.A.	100.00	Greece	Real estate services
Hellenic Post Credit S.A.	50.00	Greece	Credit card management and other services
Herald Greece Real Estate development and services company 1	100.00	Greece	Real estate
Herald Greece Real Estate development and services company 2	100.00	Greece	Real estate
Standard Ktimatiki S.A.	100.00	Greece	Real estate
Modern Hoteling	100.00	Greece	Real estate
Eurobank Bulgaria A.D.	99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.	100.00	Bulgaria	Rendering of financial services and credit card management
ERB Property Services Sofia A.D.	100.00	Bulgaria	Real estate services
ERB Leasing E.A.D.	100.00	Bulgaria	Leasing
IMO 03 E.A.D.	100.00	Bulgaria	Real estate services
IMO Central Office E.A.D.	100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.	100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd	100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd	100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd	100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd	100.00	Cyprus	Banking
CEH Balkan Holdings Ltd	100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd	100.00	Cyprus	Special purpose investment vehicle
ERB New Europe Funding III Ltd	100.00	Cyprus	Finance company
Foramonio Ltd	100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd	100.00	Cyprus	Holding company
NEU II Property Holdings Ltd	100.00	Cyprus	Holding company
NEU BG Central Office Ltd	100.00	Cyprus	Holding company
NEU Property Holdings Ltd	100.00	Cyprus	Holding company
Densho investments	100.00	Cyprus	Real Estate
Lenevino Holdings Ltd	100.00	Cyprus	Real Estate
Rano Investment Ltd	100.0	Cyprus	Real Estate
Eurobank Private Bank Luxembourg S.A.	100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.	100.00	Luxembourg	Fund management

Eurobank Holding (Luxembourg) S.A.	100.00	Luxembourg	Holding company
ERB Lux Immo S.A.	100.00	Luxembourg	Real Estate
ERB New Europe Funding B.V.	100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.	100.00	Netherlands	Finance company
ERB New Europe Holding B.V.	100.00	Netherlands	Holding company
ERB IT Shared Services S.A.	100.00	Romania	Informatics data processing
ERB Leasing IFN S.A.	100.00	Romania	Leasing
ERB Retail Services IFN S.A.	100.00	Romania	Credit card management
Eurobank Finance S.A.	100.00	Romania	Investment banking
Eurobank Property Services S.A.	100.00	Romania	Real estate services
IMO Property Investments Bucuresti S.A.	100.00	Romania	Real estate services
IMO-II Property Investments S.A.	100.00	Romania	Real estate services
Eurobank A.D. Beograd	99.99	Serbia	Banking
IMO Property Investments A.D. Beograd	100.00	Serbia	Real estate services
ERB Istanbul Holding A.S.	100.00	Turkey	Holding company
ERB Hellas Plc	100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc	-	United Kingdom	Special purpose financing vehicle
Karta II Plc	--	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc <sup>(1)</sup>	-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc <sup>(1)</sup>	-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc <sup>(1)</sup>	-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc <sup>(1)</sup>	-	United Kingdom	Special purpose financing vehicle
Tegea Plc	-	United Kingdom	Special purpose financing vehicle
Maximus Hellas Designated Activity Company	-	Ireland	Special purpose financing vehicle

<sup>(1)</sup> Entities under liquidation at 30 June 2018.

## Legal Matters

As at 30 June 2018, there were a number of legal proceedings outstanding against the Group for which a provision of €57 million was recorded compared to €70 million as at 31 December 2017. In addition, the Group has recognised adequate provisions for tax receivables mainly in relation to withholding tax claims against the Greek state and amounts of income tax already paid but further pursued in courts.

Furthermore, the Group is involved in a number of legal proceedings, in the normal course of business, which may be in early stages; their settlement may take years before they are resolved or their final outcome may be considered uncertain. For such cases, after considering the opinion of the Legal Services General Division, Management does not expect that there will be an outflow of resources and therefore no provision is recognised.

Against the Issuer various remedies have been filed in the form of lawsuits, applications for injunction measures and motions to vacate payment orders in relation to the contractual clauses of mortgage loans granted by the Issuer in Swiss Francs (**CHF**) and the conditions under which the loans were granted. A class action has also been filed. From a courts' viewpoint it may be sustained that the issue is presently found at a premature stage, considering that a substantial number of first instance courts judgments have been issued, the majority of which are in favour of the Issuer. Furthermore, there are twelve appellate court judgments in cases concerning the Issuer, in favour of the validity of the loans and one against. To date, no judgment of the Areios Pagos, the Supreme Civil Court of Greece, has been passed. On the class action a judgment was issued which accepted it, the Issuer, though has filed an appeal against the first instance judgment the decision of which was issued in February 2018, in favour of the Issuer. This decision is subject to a cassation before the Supreme Court. In relation to the individual lawsuits the majority of the judgments issued are in favour of the Issuer.

The Management of the Issuer is closely monitoring any developments to the relevant cases to determine potential accounting implications in accordance with the Group's accounting policies.

## REGULATION AND SUPERVISION OF BANKS IN THE HELLENIC REPUBLIC

The Group is subject to financial services laws, regulations, administrative actions and policies in each location where its members operate. In addition, due to the trading of the Issuer's ordinary shares on the ATHEX, the Issuer is also subject to the applicable capital markets laws.

### **The Regulatory Framework for Bank Supervision - The Bank of Greece and the Single Supervisory Mechanism (SSM)**

The Bank of Greece is the central bank in Greece and the national supervisory authority for credit institutions in Greece, in accordance with Law 4261/2014, which transposed the Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV**).

The ECB is the central bank for the euro and administers the monetary policy of the Eurozone. With the goal of establishing the SSM to oversee credit institutions in the Eurozone, Regulation No. 1024/2013/EC gave to the ECB, in conjunction with the national supervisory authorities of the Eurozone Members, direct supervisory responsibility over "banks of systemic importance" in the Eurozone. Banks of systemic importance include, among others, any Eurozone bank that has: (i) assets greater than €30 billion; (ii) assets constituting at least 20 per cent. of its home country's gross domestic product; (iii) requested or received direct public financial assistance from the EFSF or the ESM; or (iv) is one of the three most significant credit institutions in its home country.

The ECB fully assumed the following supervisory responsibilities, among others, on 4 November 2014:

- to grant and revoke authorisations regarding credit institutions;
- with respect to credit institutions establishing a branch or providing cross border services in EU Member States that are not part of the Eurozone, to carry out the tasks of the competent authority of the home Member State;
- to assess notifications regarding the acquisition and disposal of qualifying holdings in credit institutions;
- to ensure compliance with respect to provisions regarding requirements on credit institutions in the areas of own funds requirements, securitisation, large exposure limits, liquidity, leverage, as well as reporting and public disclosure of information on those matters;
- to ensure compliance with respect to corporate governance, including requirements for the persons responsible for the management of credit institutions, risk management processes, internal control mechanisms, remuneration policies and practices and effective internal capital adequacy assessment processes (including internal ratings based models);
- to carry out supervisory reviews, including, where appropriate and in coordination with the EBA, stress tests and their possible publication and on the basis of such reviews to impose on credit institutions specific additional own funds requirements, specific publication requirements, specific liquidity requirements and other measures;
- to supervise the credit institutions on a consolidated basis over parent entities established in one of the Eurozone Members including in colleges of supervisors; and
- to carry out supervisory tasks in relation to recovery plans, provide early intervention where a credit institution or group does not meet or is likely to breach the applicable prudential

requirements and, only in the cases explicitly permitted under law, implement structural changes to prevent financial stress or failure, excluding any resolution powers.

As regards the monitoring of credit institutions, the national supervisory authorities will continue to be responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks. The ECB, on the other hand, is exclusively responsible for prudential supervision of "banks of systemic importance", which includes the power to: (i) authorise and withdraw authorisation of banks in the Eurozone; (ii) assess acquisition and disposal of qualifying holdings in banks; (iii) ensure compliance with all prudential requirements on credit institutions; (iv) set, where necessary, higher prudential requirements for capital buffers aimed at addressing systemic or macro prudential risk under the conditions provided by EU law; (v) ensure compliance with requirements that impose, among others, robust corporate governance practices and internal capital adequacy assessment controls; and (vi) intervene at the early stages when a credit institution does not meet or is likely to breach the applicable prudential requirements.

The ECB also has the right to impose pecuniary sanctions on credit institutions and adopt regulations only to the extent necessary to organise or specify the arrangements for the carrying out of the tasks conferred on it.

The ECB and the national central banks of Eurozone Members together constitute the Eurosystem, the central banking system of the Eurozone. The ECB exercises its supervisory responsibilities in co-operation with the national regulatory authorities in the various Member States. As such, in Greece, the ECB cooperates with the Bank of Greece.

The operation and supervision of credit institutions within the EU is governed by the CRD IV and Regulation (EU) No 575/2013, as amended by Regulation 2017/2401 which shall apply from 1 January 2019 and by Regulation 2017/2295 which shall apply from 2 January 2019, on prudential requirements for credit institutions and investment firms (the **CRR**).

On 23 November 2016, the European Commission published legislative proposals for amendments to the CRR, the CRD IV, the BRRD and the SRM Regulation and proposed an amending directive to facilitate the creation of a new asset class of "non-preferred" senior debt (the **Proposals**). The Proposals cover multiple areas, including the Pillar II capital framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macro prudential tools, a new category of "non-preferred" senior debt, the minimum requirement for own funds and eligible liabilities (**MREL**) framework and the integration of the total loss absorbing capacity standard into EU legislation as mentioned above. The Proposals have been submitted to the European Parliament and the Council of the European Union for their consideration under the ordinary legislative procedure and therefore remain subject to change.

### **Capital Adequacy Framework**

In December 2010, the Basel Committee on Banking Supervision issued two prudential regulation framework documents ("Basel III: A global regulatory framework for more resilient banks and banking systems" and "Basel III: International framework for liquidity risk measurement, standards and monitoring", as subsequently revised and/or superseded) which contain the Basel III capital and liquidity reform package. The Basel III framework has been implemented in the EU through the CRD IV and the CRR.

Full implementation of the above framework began on 1 January 2014, with particular elements being phased in in stages (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024), but it is possible that in practice implementation under national laws may be delayed until after such date.

Some major points of the new framework include the following:

### ***Quality and Quantity of Capital***

The CRR revised the definition of regulatory capital and its components at each level. It also introduced a minimum CET1 capital ratio of 4.5 per cent. (as from January 2015) and Tier 1 capital ratio of 6.0 per cent. (as from January 2015), and a requirement for Additional Tier 1 instruments to have a mechanism that requires them to be written off on the occurrence of a trigger event.

Under CRD IV, banks are required to gradually increase their capital conservation buffer to 2.5 per cent. by 2019 beyond existing minimum equity (i.e. 0.625 per cent. as of 1 January 2016, 1.25 per cent. as of 1 January 2017 and 1.875 per cent. as of 1 January 2018), raising the minimum Common Equity Tier 1 capital ratio to 7 per cent. and the total capital ratio to 10.5 per cent. in 2019.

### ***Capital Conservation Buffer***

In addition to the minimum CET1 capital ratio and Tier 1 capital ratio, credit institutions will be required to hold an additional buffer of 2.5 per cent. in 2019 of their RWAs consisting of CET1 items as capital conservation buffer. Depletion of the capital conservation buffer will trigger limitations on dividends, distributions on capital instruments and compensation and it is designed to absorb losses in stress periods.

### ***Systemic Risk Buffer***

According to the CRD IV, competent authorities may require the creation of a buffer against systemic risk in the financial sector or subsets thereof, in order to prevent and mitigate long-term non-cyclical systemic or macro prudential risks not covered by the CRR (i.e. a risk of disruption to the financial system with the potential to have serious negative consequences to the financial system and the real economy in the relevant Member State). The buffer may vary from 1 per cent. to 5 per cent. and is constituted by CET1 elements.

### ***Deductions from CET1***

The CRR revises the definition of items that should be deducted from regulatory capital. In addition, most of the items that are now required to be deducted from regulatory capital will be deducted in whole from the CET1 component.

### ***Limits for grandfathering of items within CET1, Additional Tier 1 and Tier 2 capital***

Capital instruments that no longer qualify as CET1 capital, Additional Tier 1 or Tier 2 capital will be phased out over a period beginning 1 January 2014 and ending 31 December 2021. The regulatory recognition of capital instruments qualifying as own funds until 31 December 2011 will be reduced by a specific percentage in subsequent years. Step-up instruments will be phased out at their effective maturity date if the instruments do not meet the new criteria for inclusion in Tier 1 or Tier 2. Existing public sector capital injections were grandfathered until 31 December 2017.

### ***No Grandfathering for Instruments issued after 1 January 2014***

Only those instruments issued before 31 December 2013 will likely qualify for the transition arrangements discussed above.

### ***Countercyclical Buffer***

To protect the banking sector from excess aggregate credit growth, credit institutions will be required under the CRD IV to build up an additional buffer of 0-2.5 per cent. of CET1 during periods of excess credit growth, according to national circumstances. The countercyclical buffer, when in effect, will be introduced as an extension of the conservation buffer range.

### ***Central Counterparties***

To address the systemic risk arising from the interconnectedness of credit institutions and other financial institutions through the derivatives markets, the Basel Committee supported the efforts of the Committee on Payments and Settlement Systems (CPSS) and International Organisation of Securities Commissions (IOSCO) to establish strong standards for financial market infrastructures, including central counterparties. A 2.0 per cent. risk-weight factor was introduced to all trade exposures to qualifying central counterparties (replacing the previous 0 per cent. risk-weighting). The capitalisation of credit institution exposures to central counterparties will be based in part on the compliance of the central counterparty with the IOSCO standards (since non-compliant central counterparties will be treated as bilateral exposures and will not receive the preferential capital treatment referred to above). As mentioned above, a credit institution's collateral and mark-to-market exposures to central counterparties meeting these enhanced principles will be subject to a 2.0 per cent. risk-weight, and default fund exposures to central counterparties will be capitalised based on a risk-sensitive waterfall approach.

### ***Asset Value Correlation Multiplier for Large Financial Sector Entities***

A multiplier of 1.25 is to be applied to the correlation parameter of all exposures to large financial sector entities meeting particular criteria that are specified in the CRR.

### ***Counterparty Credit Risk***

The CRR raised counterparty credit risk management standards in a number of areas, including for the treatment of so-called wrong-way risk, i.e. cases where the exposure increases when the credit quality of the counterparty deteriorates either due to general market risk factors or to the nature of the transactions with the counterparty. The CRR introduced an additional capital charge for potential mark-to-market losses (i.e. credit valuation adjustment risk) associated with deterioration in the creditworthiness of a counterparty and the calculation of "Expected Positive Exposure" by taking into account stressed parameters.

### ***Leverage Ratio***

The leverage ratio is calculated by dividing the institution's capital measure (which is Tier 1 capital) by that institution's total exposure measure and is expressed as a percentage. A key distinction between the minimum capital ratio and the leverage ratio is that no risk-weighting is applied to the assets. The provisions of the CRR on leverage were amended and supplemented pursuant to the Commission Delegated Regulation 2015/62 of 10 October 2014, the purpose of which is to ensure that EU credit institutions and investment firms use the same methods to calculate, report and disclose their leverage ratios.

### ***Systemically Important Institutions***

Systemically important credit institutions should have loss-absorbing capacity beyond the minimum standards and work on this issue is ongoing. Under the new framework, a systemically important institution may be required to maintain a buffer of up to 2 per cent. of the total risk exposure amount,

taking into account the criteria for its identification as a systematically important bank. That buffer shall consist of and be supplemental to CET1 capital.

### ***Liquidity Requirements***

The CRR introduced a liquidity coverage ratio which is an amount of unencumbered, high quality liquid assets that must be held by a credit institution to offset estimated net cash outflows over a 30-day stress scenario, and will be phased in gradually, having started at 60 per cent. in 2015, and expected to be 100 per cent. in 2018 and a net stable funding ratio which is the amount of longer-term, stable funding that must be held by a credit institution over a one year timeframe based on liquidity risk factors assigned to assets and off-balance sheet liquidity exposures, and which is being developed with the aim of introducing it from 1 January 2018, allowing in both cases for Member States to maintain or introduce national provisions until binding minimum standards are introduced by the European Commission. The provisions of the CRR on liquidity requirements were specified pursuant to the Commission Delegated Regulation 2015/61 of 10 October 2014, laying down a full set of rules on the liquid assets, cash outflows and cash inflows needed to calculate the precise liquidity coverage requirement.

In order to foster consistency and efficiency of supervisory practices across the EU, the EBA is continuing to develop the EBA Single Rulebook, a supervisory handbook applicable to EU Member States. However, the EBA Single Rulebook has not yet been finalised.

The CRR contains specific mandates for the EBA to develop draft regulatory or implementing technical standards, as well as guidelines and reports related to liquidity, in order to enhance regulatory harmonisation in Europe through the Single Rulebook. Specifically, the CRR assigns the EBA with advising on appropriate uniform definitions of liquid assets for the liquidity coverage ratio buffer. In addition, the CRR states that the EBA shall report to the Commission on the operational requirements for the holdings of liquid assets. Furthermore, the CRR also assigns the EBA with advising on the impact of the liquidity coverage requirement, on the business and risk profile of institutions established in the European Union, on the stability of financial markets, on the economy and on the stability of the supply of bank lending.

The above topics were addressed by the EBA in two reports published in December 2013: (i) a report on the impact assessment for liquidity measures, followed by a second report thereon on December 2014 and (ii) a report on appropriate uniform definitions of extremely high quality assets and high quality liquid assets and on operational requirements for liquid assets. On 10 October 2014, the European Commission adopted a Delegated Act, specifying the liquidity coverage ratio framework. In view of that, the EBA has amended its Implementing Technical Standards on supervisory reporting of liquidity coverage ratio for EU credit institutions. Also, the Basel Committee's oversight body issued in January 2013 the revised "Basel III Liquidity Coverage Ratio and Liquidity Risk Monitoring Tools", defining, among others, certain specific aspects in relation to the interaction between the liquidity coverage ratio and the use of the central bank committed liquidity facility. On 12 January 2014, the Basel Committee issued final requirements for banks' liquidity coverage ratio-related disclosures, which should be complied with from the date of the first reporting period after 1 January 2015.

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III, the CRR and the CRD IV, there are several new global initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include among others, MiFID II (transposed into national law by Greek Law 4514/2018 as in force from 3 January 2018) and the Regulation on markets in financial instruments and amending Regulation on OTC derivatives, central counterparties and trade repositories (Regulation 600/2014) (**MiFIR**) (see—"*MiFID - MiFID II - MiFIR - Market Abuse*

*Regulation*" below). The Basel Committee has also published certain proposed changes to the current securitisation framework which may be accepted and implemented in due course.

### **Compliance and Reporting Requirements**

The CRD IV was transposed into Greek law by Law 4261/2014 as in force and is applicable from 1 January 2014, although certain provisions (including provisions relating to the requirements to maintain a capital conservation buffer and an institution-specific countercyclical capital buffer, the global and other systematically important institutions, the recognition of a systemic risk buffer rate, the setting of countercyclical buffer rates, the recognition of countercyclical buffer rates in excess of 2.5 per cent., the decision by designated authorities on third country countercyclical buffer rates, the calculation of institution-specific countercyclical capital buffer rates, restrictions on distributions and the capital conservation plan) have gradually entered into force from 1 January 2016. In addition, certain provisions related to administrative penalties and other administrative measures entered into force on 5 May 2014. The CRR is directly applicable from 1 January 2014, with the exception of certain of its provisions which are entering into force gradually during the transition period provided for in the respective articles of the CRR.

According to article 166 of Law 4261/2014, regulatory acts issued under Law 3601/2007 (which was replaced in its entirety by Greek Law 4261/2014) will remain in force, to the extent that they are not contrary to the provisions of Law 4261/2014 or the CRR, until replaced by new regulatory acts issued under Law 4261/2014.

Under the current regulatory framework, credit institutions operating in Greece are required, among others, to:

- observe the liquidity ratios prescribed by the CRR and Bank of Greece Governor's Act 2614/2009, as amended by the Bank of Greece Governor's Act 2626/2010;
- maintain efficient internal audit, compliance and risk management systems and procedures, as determined in the Bank of Greece Governor's Act 2577/2006, as supplemented and amended by subsequent decisions of the Governor of the Bank of Greece and of the Banking and Credit Committee of the Bank of Greece;
- disclose data regarding the credit institution's financial position and its risk management policy;
- provide the Bank of Greece and the ECB with such further information as they may require;
- in connection with certain operations or activities, notify or request the prior approval of the ECB acting in co-operation with the Bank of Greece; and
- permit the Bank of Greece and the ECB to conduct audits and inspect books and records of the credit institution.

If a credit institution breaches any law or a regulation falling within the scope of the supervisory power attributed to the ECB or, as the case may be, the Bank of Greece, the ECB or the Bank of Greece respectively, is empowered to:

- require the relevant bank to take appropriate measures to remedy the breach;
- impose fines;
- appoint a commissioner; and



- where the breach cannot be remedied, revoke the licence of the bank and place it in a state of special liquidation.

In particular, the Bank of Greece or the ECB, as the case may be, may:

- require any bank actually or potentially failing to comply with the requirements set out by Law 4261/2014 and/or the CRR to take any necessary actions at an earlier stage to address relevant problems, including prohibitions or restrictions on dividends, proceeding with a share capital increase or seeking the prior approval of the supervisory authority for future transactions that the supervisory authority finds might be detrimental to the solvency of the bank;
- require a bank to increase its capital within a deadline, pursuant to the provisions of article 136 of Law 4261/2014;
- appoint a commissioner to a bank for a period of up to 12 months pursuant to the provisions of article 137 of Law 4261/2014. This period may be extended several times by up to 6 months. The commissioner will assess the bank's overall financial, administrative and organisational situation and financial condition and take any necessary next steps in order to either prepare the bank for recovery or implementation of resolution measures or place it into special liquidation. The commissioner will be subject to the oversight of the ECB or, as the case may be, the Bank of Greece;
- pursuant to article 138 of Law 4261/2014, extend, after the appointment of a commissioner, by up to 20 working days the period set for the bank to comply with some or all of its obligations (but excluding obligations arising from transactions in financial instruments concluded in the capital markets or money markets, including transactions in the interbank market, and obligations towards participants in any system, as defined in art. 1 of Law 2789/2000), if the bank's liquidity has been significantly reduced and it is expected that its own funds will not be sufficient. The 20-day period may be further extended by 10 working days by decision of the ECB or, as the case may be, the Bank of Greece; and
- appoint a special liquidator to manage the bank pursuant to the provisions of articles 145 to 146 of Law 4261/2014, if the bank's licence has been withdrawn. The Credit and Insurance Affairs Committee of the Bank of Greece, through its Decision No. 180/3/22.2.2016, which repealed Decision No. 21/2/4.11.2011, and Decision No. 221/4/17.3.2017 as in force, has issued a regulation for the special liquidation of banks, which contains provisions regarding the liquidation of a bank and the administration of the assets of a bank under special liquidation, respectively.

The CRR imposes reporting requirements to the EU credit institutions. These provisions have been supplemented by the EBA Final Guidelines on disclosure requirements for the EU banking sector, issued on 23 December 2014. In addition, with respect to matters not governed by the CRR, periodic reporting requirements of credit institutions towards the Bank of Greece are also set out in Act of the Governor of the Bank of Greece no. 2651/2012, as subsequently amended.

The reporting requirements include the submission of reports on the below items:

- capital structure, qualifying holdings, persons who have a special affiliation with the bank and loans or other types of credit exposures that have been provided to these persons by the bank;
- own funds and capital adequacy ratios;
- capital requirements for credit risk, counterparty credit risk and delivery settlement risk;

- capital requirements for market risk of the trading portfolio (including foreign exchange risk);
- information on the underlying elements of the trading portfolio;
- capital requirements for operational risk;
- large exposures and concentration risk;
- liquidity risk;
- interbank market details;
- financial statements and other financial information;
- covered bonds;
- internal control systems;
- prevention and suppression of money laundering and terrorist financing;
- information technology systems; and
- other information.

The Issuer submits to the Bank of Greece and/or the ECB regulatory reports both at individual and group level, on a daily, monthly, quarterly, semi-annually or annually basis.

### **Recovery and Resolution of Credit Institutions**

On 15 May 2014, the European Parliament and the Council of the European Union adopted the Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (the **BRRD**) which entered into force on 2 July 2014. The BRRD was transposed into Greek law by virtue of Law 4335/2015, which came into force on 23 July 2015, with the exception of its provisions on the bail-in tool which were initially applicable as of 1 January 2016. Further to the enactment of Law 4340/2015, the bail-in tool came into force as of 1 November 2015, except for the provisions of par. 9 and 11 of article 44 thereof (relating to the loss absorption and other requirements for the contribution of the resolution fund to the resolution of a credit institution when an eligible liability is excluded therefrom or for the resolution authority's funding from alternative financing sources) which came into force on 1 January 2016. In addition, par. 2(b) of article 56 of Law 4335/2015 (relating to the loss absorption requirement for the implementation of government financial stabilisation tools) came into force on 1 January 2016.

The BRRD relies on a network of national authorities and resolution funds to resolve banks. Pursuant to Law 4335/2015, with respect to Greek credit institutions, the Bank of Greece has been designated as the national resolution authority and the Resolution Branch of the Hellenic Deposit and Investment Guarantee Fund (**HDIGF**) as the national resolution fund. On 15 July 2014, the European Parliament adopted the Regulation No 806/2014 (the **SRM Regulation**) establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (the **SRM**) and a Single Resolution Fund (the **SRF**). The SRM became fully operational as of 1 January 2016 and complements the Single Supervisory Mechanism. Pursuant to the SRM Regulation, the authority to plan the resolution and resolve credit institutions which are subject to direct supervision by the ECB has been conferred from the current resolution authority, the Bank of Greece, to the Single Resolution Board (**SRB**) as of 1 January 2016 (for further details, see "Single Resolution Mechanism" below).

### ***Recovery and resolution powers***

The framework set out in Law 4335/2015 applies in relation to credit institutions of all sizes, as well as investment firms that are subject to an initial capital requirement of EUR 730,000. The powers provided to the competent Greek authorities for credit institutions, the Bank of Greece and the resolution authority in Law 4335/2015 in respect of credit institutions are divided into three categories:

- (a) *Preparation and prevention:* Law 4335/2015 provides for preparatory steps and plans to minimise the risks of potential problems. Under Law 4335/2015, credit institutions are required to prepare recovery plans while the resolution authority prepares a resolution plan for each credit institution. Law 4335/2015 also reinforces authorities' supervisory powers to address or remove impediments to resolvability. Financial groups may also enter into intra-group support agreements to limit the development of a crisis;
- (b) *Early intervention:* In the event of incipient problems, Law 4335/2015 grants powers to the competent authority to arrest a bank's deteriorating situation at an early stage so as to avoid insolvency. Such powers include, among others, requiring an institution to implement its recovery plan, replace existing management, draw up a plan for the restructuring of debt with its creditors, change its business strategy and change its legal or operational structures. If such tools prove to be insufficient, new senior management or management body will be appointed subject to the approval of the competent authority which is also entitled to appoint one or more temporary administrators; and
- (c) *Resolution:* Resolution is the means to reorganise or wind down the bank in an orderly fashion outside insolvency while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses.

### ***Conditions for resolution***

The conditions that have to be met before the resolution authority takes a resolution action in relation to a credit institution are the following:

- (a) the competent authority, after consulting with the resolution authority, determines that the institution is failing or likely to fail. An institution will be deemed to be failing or likely to fail in one or more of the following circumstances:
  - (i) it infringes or is likely to infringe the requirements for continuing authorisation in a way that would justify the withdrawal of its authorisation such as, including but not limited to, incurring losses that will deplete all or a significant amount of its own funds;
  - (ii) the institution's assets are or there are objective indications to support a determination that the assets of the institution will, in the near future, be less than its liabilities;
  - (iii) the institution is or there are objective indications to support a determination that the institution will, in the near future, be unable to pay its debts or other liabilities as they fall due; or
  - (iv) extraordinary public financial support is required, unless the support takes one of the forms specified in article 32(3)(d)(i),(ii) or (iii) of Law 4335/2015, which mirrors the relevant provisions of the BRRD.

- (b) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector or supervisory action, including early intervention measures or the write down or conversion of relevant capital instruments taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe; and
- (c) a resolution action is necessary for promoting the public interest, i.e., it is necessary for the achievement of, and is proportionate to, one or more of the resolution objectives set out in article 31 of Law 4335/2015 and the winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

### ***Resolution tools***

When the trigger conditions for resolution are satisfied, Law 4335/2015 sets out a minimum set of resolution tools that the resolution authority shall have the power to apply individually or in combination in line with the provisions of the BRRD. These tools are the following:

- (a) the sale of business tool, which enables the resolution authority to transfer the shares or other titles of ownership or all or any assets, rights or liabilities of the institution to a purchaser (that is not a bridge institution) on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply except those procedural requirements set out in Law 4335/2015;
- (b) the bridge institution tool, which enables the resolution authority to transfer shares or other titles of ownership or all or any assets, rights or liabilities of the institution to a bridge institution, a publicly controlled entity, without requiring the consent of the shareholders. The operations of the bridge institution are temporary, the aim being to sell the business to the private sector when market conditions are appropriate;
- (c) the asset separation tool, which enables the resolution authority to transfer assets, rights and liabilities, without obtaining the consent of shareholders of the institution under resolution to an asset management vehicle to allow them to be managed and worked out over time. Such a transfer may only be made either: (i) where the market situation for said assets is such that liquidation of said assets under normal insolvency proceedings could have an adverse effect on one or more financial markets, or (ii) the transfer is necessary to ensure the proper functioning of the institution under resolution or bridge institution, or (iii) the transfer is necessary to maximise liquidation proceeds. This tool may be used only in conjunction with other tools to prevent an undue competitive advantage for the failing institution; and
- (d) the bail-in tool. Through this tool, the resolution authority has the power to write down eligible liabilities of a failing institution and/or to convert such claims to equity. The resolution authority may use this tool only (i) to recapitalise the institution to the extent sufficient to restore its ability to comply with the conditions for its authorisation, to continue to carry out the activities for which it is authorised and to restore the institution to financial soundness and long-term viability or (ii) to convert to equity or reduce the principal amount of obligations or debt instruments that are transferred to a bridge institution (with a view to providing capital to such bridge institution) or that are transferred under the sale of business tool or the asset separation tool.

Law 4335/2015 establishes the sequence in which the resolution authority should apply the power to write down or convert obligations of an entity under resolution. Obligations should be reduced in the following order:

- (a) CET1;

- (b) Additional Tier 1 instruments;
- (c) Tier 2 instruments;
- (d) other subordinated debt, in accordance with the normal insolvency ranking; and
- (e) other eligible liabilities, in accordance with the normal insolvency ranking.

The following liabilities are excluded from the bail-in tool:

- (a) Covered deposits;
- (b) secured liabilities including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which according to national law are secured in a way similar to covered bonds;
- (c) any liability that arises by virtue of the holding by the institution of client assets or client money including client assets or client money held on behalf of UCITS as defined in paragraph 2 of article 2 of Greek Law 4099/2012 or of AIFs as defined in point (a) of paragraph 1 of article 4 of Greek Law 4209/2013, provided that such a client is protected under the applicable insolvency law;
- (d) any liability that arises by virtue of a fiduciary relationship between the institution (as fiduciary) and another person (as beneficiary), provided that such beneficiary is protected under the applicable insolvency or civil law;
- (e) liabilities to institutions, excluding entities that are part of the same group, with an original maturity of less than seven days;
- (f) liabilities with a remaining maturity of less than seven days, owed to systems or operators of systems designated according to Greek Law 2789/2000 or their participants and arising from the participation in such a system;
- (g) deposits of the HDIGF (as defined below) and the Athens Stock Exchange Members' Guarantee Fund;
- (h) a liability to any one of the following:
  - (i) an employee, in relation to accrued salary, termination compensation, pension benefits or other fixed remuneration, except for the variable component of remuneration that is not regulated by a collective bargaining agreement;
  - (ii) a commercial or trade creditor arising from the provision to the institution of goods or services that are critical to the daily functioning of its operations, including IT services, utilities and the rental, servicing and upkeep of premises;
  - (iii) tax and social security authorities, provided that those liabilities are preferred under the applicable law; and
  - (iv) deposit guarantee schemes arising from contributions due in accordance with Directive No. 2014/49/EU, which was transposed into Greek law by Law 4370/2016 (see "Hellenic Deposit and Investment Guarantee Fund ("**HDIGF**")" below).

For the purposes of the bail-in tool, institutions are required under Law 4335/2015 to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities, the aim of which is to ensure that banks have sufficient loss-absorbing capacity. Such requirement is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution.

### ***Extraordinary Public Financial Support***

In cases of an exceptional systemic crisis, extraordinary public financial support may be provided, by virtue of a decision of the Minister of Finance, following a recommendation of the Systemic Stability Board and a consultation with the resolution authorities, through public financial stabilisation tools as a last resort and only after having assessed and utilised, to the maximum extent, the other resolution tools, in order to avoid, through the direct intervention, the winding-up of the said institutions and in order for the resolution purposes to be accomplished. The public financial stabilisation tools are:

- (a) public capital support provided by the Ministry of Finance or by the HFSF following a decision by the Minister of Finance; and
- (b) temporary public ownership of the institution, i.e. the transfer of the shares of an institution to a transferee of the Greek State or a company which is fully owned and controlled by the Greek State.

The following conditions must be cumulatively met in order for the public financial stabilisation tools to be implemented:

- (a) the institution meets the conditions for resolution;
- (b) the shareholders, owners of other instruments of ownership, holders of relevant capital instruments and the holders of eligible liabilities have contributed, through conversion, write down or by any other means, to the absorption of losses and the recapitalisation by an amount equal to at least 8 per cent. of the total liabilities, including own funds of the institution under resolution, calculated at the time of the resolution action in accordance with the valuation conducted, and
- (c) prior and final approval by the European Commission regarding the EU state aid framework for the use of the chosen tool has been granted.

In addition to the above, for the provision of public financial support, one of the following conditions must be met:

- (a) the application of the resolution tools would not suffice to avoid a significant adverse effect on the financial stability;
- (b) the application of the resolution tools would not suffice to protect the public interest, where extraordinary liquidity assistance from the central bank has previously been given to the institution; and
- (c) in respect of the temporary public ownership tool, the application of the resolution tools would not suffice to protect the public interest, where capital support through the public capital support tool has previously been given to the institution.

By way of exception, extraordinary public financial support may be granted to a credit institution in the form of an injection of own funds or purchase of capital instruments without implementation of resolution measures, under the following cumulative conditions:

- in order to remedy a serious disturbance in the economy and preserve financial stability;
- to a solvent credit institution in order to address a capital shortfall identified in a ST, assets quality reviews or equivalent exercises;
- at prices and on terms that do not confer an advantage upon the institution;
- on a precautionary and temporary basis;
- subject to final approval of the European Commission;
- being proportional to remedy the consequences of the serious disturbance;
- not to be used to offset losses that the institution has incurred or is likely to incur in the near future;
- the credit institution has not infringed and there are no objective elements to support that the credit institution will, in the near future, infringe its authorisation requirements in a way that would justify the withdrawal of its authorisation;
- the assets of the credit institution are not and there are no objective elements to support that the assets of the credit institution will, in the near future, be less than its liabilities;
- the credit institution is not and there are no objective elements to support that the credit institution will be unable to pay its debts or other liabilities when they fall due; and
- the circumstances for the exercise of the write down or conversion powers in respect of Additional Tier 1 and Tier 2 capital instruments of the institution do not apply.

### ***Resolution authority's powers***

The resolution authority has a broad range of powers when applying resolution measures and tools. The following are general powers, and may be exercised individually or in any combination:

- (a) to require any person to provide any information required for the resolution authority to decide upon and prepare a resolution action, including updates and supplements of information provided in the resolution plans and requiring information to be provided through on-site inspections;
- (b) to take control of an institution under resolution and exercise all the rights and powers conferred upon the shareholders, other owners and the management body of the institution under resolution;
- (c) to transfer shares or other instruments of ownership issued by an institution under resolution;
- (d) to transfer to another entity, with the consent of that entity, rights, assets or liabilities of an institution under resolution;
- (e) to reduce or eliminate the principal amount of or outstanding amount due in respect of eligible liabilities, of an institution under resolution;
- (f) to convert eligible liabilities of an institution under resolution into ordinary shares or other instruments of ownership of that institution or entity referred to in point (b), (c) or (d) of

article 1(1) of Law 4335/2015, a relevant parent institution or a bridge institution to which assets, rights or liabilities of the institution or the entity are transferred;

- (g) to cancel debt instruments issued by an institution under resolution except for secured liabilities;
- (h) to reduce or eliminate the nominal amount of shares or other instruments of ownership of an institution under resolution and to cancel such shares or other instruments of ownership;
- (i) to require an institution under resolution or a relevant parent institution to issue new shares or other instruments of ownership or other capital instruments, including preference shares and contingent convertible instruments;
- (j) to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for secured liabilities;
- (k) to close out and terminate financial contracts or derivatives contracts;
- (l) to remove or replace the management body and senior management of an institution under resolution; and
- (m) to require the competent authority to assess the buyer of a qualifying holding in a timely manner by way of derogation from the time limits prescribed in relation to the notification obligations for qualifying holdings.

The resolution authority, when applying the resolution tools and exercising the resolution powers, must have regard to the following objectives:

- (a) ensure the continuity of critical functions;
- (b) avoid significant adverse effects on financial stability, including by preventing contagion, and maintaining market discipline;
- (c) protect public funds by minimising reliance on extraordinary public financial support;
- (d) avoid unnecessary deterioration of value and seek to minimise the cost of resolution;
- (e) protect depositors and investors covered by deposit guarantee schemes and investor compensation schemes, respectively; and
- (f) protect client funds and client assets;

as well as the following principles:

- (a) the shareholders of the institution under resolution bear losses first;
- (b) the creditors of the institution under resolution bear losses after the shareholders in accordance with the order of priority of their claims under normal insolvency proceedings;
- (c) senior management or the management body of the institution under resolution are replaced unless it is deemed that retaining management is necessary for the resolution purposes;



- (d) senior management or the management body of the institution under resolution shall provide all necessary assistance for the achievement of the resolution objectives;
- (e) natural and legal persons remain liable, under Greek civil or criminal law for the failure of the institution;
- (f) except where specifically provided in Law 4335/2015, creditors of the same class are treated in an equitable manner;
- (g) no creditor incurs greater losses than would be incurred if the institution would have been wound down under normal insolvency proceedings ("No Creditor Worse Off" principle);
- (h) covered deposits are fully protected; and
- (i) resolution action is taken in accordance with the relevant safeguards provided in Law 4335/2015.

### ***Valuation***

With regard to valuation of assets, the implementation of the resolution tools and powers is based on an assessment of the real value of the assets and liabilities of the institution failing or about to fail. Therefore, the resolution authority ensures that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority, including the resolution authority and the institution. Such valuer is appointed by the resolution authority.

### **Single Resolution Mechanism**

The SRM Regulation builds on the rulebook on bank resolution set out in the BRRD and establishes the SRM, which complements the SSM and centralises key competences and resources for managing the failure of any bank in the Eurozone and in other Member States participating in the Banking Union. The SRM Regulation also established the SRB, vested with centralised power for the application of the uniform resolution rules and procedures, and the SRF, supporting the SRM. The main objective of the SRM is to ensure that potential future bank failures in the Banking Union are managed efficiently, with minimal costs to taxpayers and the real economy. The SRB started its work as an independent EU agency on 1 January 2015 and became fully operational as of January 2016. Pursuant to the SRM Regulation, the authority to plan the resolution and resolve credit institutions which are subject to direct supervision by the ECB has been conferred from the current resolution authority, the Bank of Greece, to the SRB as of 1 January 2016. The SRM Regulation establishes the following:

The SRM applies to all banks supervised by the SSM. If a bank supervised by the SSM infringes or is likely to infringe in the near future capital or liquidity requirements (e.g. because of a rapidly deteriorating financial condition such as a deterioration of the liquidity situation, an increase of the level of leverage and non-performing loans), the ECB will have the power to impose early intervention measures. These measures include the power to require changes to the legal or operational structure of a bank, or the business strategy, and the power to require the managing board to convene a general meeting of shareholders, with the power of the ECB to set the agenda and require certain decisions to be considered for adoption by the general meeting.

The SRB shall prepare resolution plans for, and directly resolve all credit institutions directly supervised by the ECB and cross-border groups. National resolution authorities shall prepare resolution plans and resolve banks which only operate nationally and are not subject to full ECB direct supervision, provided that this does not involve any use of the SRF. Member States can opt to have the SRB directly responsible for all their credit institutions. The SRB would decide in any case

for all credit institutions, including those that operate nationally and are not subject to full ECB direct supervision, whether resolution will involve the use of the SRF.

Centralised decision-making is built around a strong SRB and involves permanent members, as well as the European Commission, the European Council, the ECB and the national resolution authorities. In most cases, the ECB would notify that a bank is failing to the SRB, the European Commission, and the relevant national resolution authorities. The SRB would then assess whether there is a systemic threat and any private sector solution.

In certain circumstances, including if a bank reaches a point of non-viability or where certain forms of extraordinary public financial support are required, the SRB in close co-operation with the relevant national resolution authority could take pre-resolution measures. These measures include the write-down and cancellation of shares or other instruments of ownership for shares, and the conversion of capital instruments such as Tier 2 instruments into shares or other instruments of ownership.

If a bank meets the conditions for resolution, the SRB may adopt a resolution plan (for the conditions of resolution, please see "Recovery and Resolution of Credit Institutions" above).

In drawing up the resolution plan SRB identifies all material impediments to resolvability and where necessary, may require the removal of such impediments. To that effect, the resolution plan will set out options for applying the resolution tools and exercising the resolution powers on the credit institution (for a description of such tools and powers, please see "Recovery and Resolution of Credit Institutions" above).

The European Commission is responsible for assessing the discretionary aspects of the SRB's decision and endorsing or objecting to the resolution scheme. The European Commission's decision is subject to approval or objection by the European Council only when the amount of resources drawn from the SRF is modified or if there is no public interest in resolving the bank. If the European Council or the European Commission objects to the resolution scheme, the SRB will need to amend it. The resolution scheme will be implemented by the national resolution authorities. If resolution entails state aid, the European Commission would need to approve the aid prior to the adoption of the resolution scheme by the SRB.

In its plenary session, the SRB shall take all decisions of a general nature and any individual resolution decisions involving the use of the SRF in excess of €5 billion. In its executive session, the SRB shall take decisions in respect of individual entities or banking groups where the use of the SRF remained below this threshold. The SRB shall be composed of the Chair, four further full-time members and a member appointed by each participating Member State, representing their national resolution authorities. The Commission and the ECB shall each designate a representative entitled to participate in the meetings of executive sessions and plenary sessions as a permanent observer. In addition, to ensure that the interests of all Member States on which the resolution had an impact were considered, Member States that could potentially be affected by the resolution based on the institution being resolved would also participate in the session. None of the participants in the deliberation would have a veto.

SRB also determines the minimum requirement levels for own funds and eligible liabilities that banks are required to comply with at all times expressed (please see "—Recovery and Resolution of Credit Institutions"). Eligible liabilities are deemed those that may be bailed in using the bail-in tool. Similarly, the Financial Stability Board has issued a proposal for implementing principles on Total Loss Absorbency Capacity (TLAC) as a standard for global systemically important banks. The proposals currently contemplate that only CET1 capital in excess of that required to satisfy minimum regulatory capital requirements and minimum TLAC requirements may count towards regulatory capital buffers.

All the banks in the participating Member States shall contribute to the SRF. The SRF has a target level of €55 billion and can borrow if decided by the SRB in its plenary session. The SRF is owned and administrated by the SRB. The SRF would reach a target level of at least 1 per cent. of covered deposits of all credit institutions in Member States participating in the Banking Union over an eight-year period. During this transitional period, the SRF, established by the SRM Regulation, would comprise national compartments corresponding to each participating Member State. The resources accumulated in those compartments would be progressively mutualised over a period of eight years. The establishment of the SRF and its national compartments and decisions as to their use are regulated by the SRM Regulation, while the transfer of national funds into the SRF and the activation of the mutualisation of the contributions are provided for in an inter-governmental agreement signed between the participating Member States in the SRM on 21 May 2014 and ratified by the Greek Parliament on 30 November 2015, by virtue of Greek law 4350/2015. Furthermore, on 24 November 2014 the Commission adopted a Council implementing Act to calculate the contributions of banks to the SRF whereas on 22 January 2015, the Council Implementing Regulation EU 2015/81 specifying uniform conditions of application of the SRM Regulation with regard to ex ante contributions to the SRF was issued.

### **Hellenic Deposit and Investment Guarantee Fund ("HDIGF")**

The HDIGF is a private law legal entity and the universal successor of the former Hellenic Deposit Guarantee Fund. The provisions currently applicable to the HDIGF are set out in Law 4370/2016 which came into force on 7 March 2016 and repealed the previously applicable Law 3746/2009, setting out the rules for the operation of guarantee schemes. Law 4370/2016 transposed into Greek law Directive 2014/49/EU that was enacted in June 2014 aiming at strengthening the protection of citizens' deposits in case of bank failures and enhancing the role of deposit guarantee schemes in the financial safety net.

Pursuant to Law 4370/2016, all credit institutions licensed to operate in Greece, with certain exemptions, and the local branches of credit institutions which have been established in non-EU Member States and are not covered by a guarantee scheme equivalent to that of the HDIGF mandatorily participate in the HDIGF. Greek branches of foreign credit institutions established in EU Member States may also become members of the investments cover scheme of HDIGF at their discretion.

The HDIGF is supervised by the Ministry of Finance and managed by a seven-member Board of Directors, of which the Chairman is one of the Deputy Governors of the Bank of Greece, while, of the remaining six members, one comes from the Ministry of Finance, three from the Bank of Greece and two from the Hellenic Bank Association. The Board of Directors, consisting of the members that are proposed as above, is appointed by decision of the Minister of Finance for a five-year term. Where it is called to decide upon resolution matters concerning a particular credit institution, HDIGF's Board of Directors will not comprise the members coming from the Hellenic Bank Association.

The purpose of the HDIGF is (a) to indemnify depositors of the participating credit institutions that become unable to fulfil their obligations towards their depositors and finance resolution measures of credit institutions through the deposits cover scheme (the **Deposits Cover Scheme**) in accordance with article 104 of Law 4335/2015; (b) to indemnify investors who are clients of participating credit institutions which may become unable to fulfil their obligations towards their clients in connection with the provision of "covered" investment services through the investments cover scheme (the **Investments Cover Scheme**); and (c) to provide financing for resolution measures of credit institutions through the resolution scheme (the **Resolution Scheme**). The HDIGF guarantee schemes with respect to Greek credit Institutions also cover deposits of their branches in other EU Member States and deposits of their branches in non EU Member States as well as claims from covered investment services rendered by their branches in other EU Member States or third countries,

provided that the relevant deposits (solely if such deposits are in branches of non EU Member States) or claims are not covered by a guarantee scheme equivalent to that of the HDIGF.

Following the enactment of Law 4335/2015, the Resolution Scheme has become Greece's "resolution fund" for the purpose of ensuring the effective application by the Bank of Greece (and as of 1 January 2016 by the SRB), in its capacity of the country's resolution authority, of the resolution tools and powers in accordance with the resolution objectives and the principles set out in articles 31 and 34 of Law 4335/2015 (which mirror articles 31 and 34 of the BRRD). HDIGF's national funds shall be gradually transferred into the SRF pursuant to the intergovernmental agreement signed between the participating Member States in the SRM and ratified by virtue of Greek Law 4350/2015 (see "Single Resolution Mechanism" above).

Under the Deposits Cover Scheme, the maximum coverage limit under Law 4370/2016 as in force, for every depositor with deposits not falling in the "exempted deposits" category, taking into account the total amount of its deposits with a credit institution (and regardless of the number of accounts, the currency of such deposits or the place where the account(s) is/are held) minus any due and payable obligations of such depositor towards the relevant credit institution, subject to set-off in accordance with Greek law, is €100,000. By way of exemption, the Deposits Cover Scheme covers deposits at an additional limit of up to a maximum amount of €300,000 deriving from specific activities (such as sale of a private property by an individual, payment of social security/insurance benefits, etc) expressly specified in para 2 of article 9 of Law 4370/2016 credited to the relevant accounts, subject to the time limits and other conditions specified in Law 4370/2016. Under the Investments Cover Scheme, the maximum coverage limit is €30,000 for the total of claims of an investor-client against the credit institution, irrespective of covered investment services, number of accounts, currency and place of provision of the service. Certain deposits and investment services, provided for by articles 8 and 12 of Law 4370/2016, are excluded from the HDIGF coverage.

Pursuant to Law 4370/2016, the participation in the Deposits Cover Scheme involves *ipso jure*, the participation in the Resolution Scheme, while pursuant to Law 4335/2015, the Resolution Scheme is empowered to collect from participating credit institutions, including from the local branches of credit institutions which have been established in non-EU Member States, *ex ante* contributions and, where article 99 of Law 4335/2015 applies, extraordinary *ex post* contributions, which are calculated pursuant to a decision of the competent authority and, as far as *ex ante* contributions are concerned, depending on the risk profile of credit institutions in accordance with the criteria laid down in the Commission's delegated act adopted pursuant to Article 103(7) of the BRRD (Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and the Council with regard to *ex ante* contributions to the national financial arrangements) and in accordance with Council Implementing Regulation (EU) 2015/81 specifying uniform conditions of application of Regulation (EU) No 806/2014 of the European Parliament and of the Council with regard to *ex ante* contributions to the Single Resolution Fund. Further, the criteria relating to the calculation of *ex ante* contributions, and on the circumstances and conditions under which the payment of extraordinary *ex post* contributions may be partially or entirely deferred, derive from Commission Delegated Regulation 2017/747 of 17 December 2015, supplementing Regulation No 806/2014.

The schemes of the HDIGF are clearly distinct from each other and each has its own assets. Each of the Deposits Cover Scheme and Investments Cover Scheme is funded mainly by the initial contributions, the annual/regular contributions and by extraordinary contributions which are mandatorily paid by the participating credit institutions, donations, the liquidation of claims and the revenues deriving from the management of its assets, while the Resolution Scheme is funded by the *ex-ante* contributions and extraordinary *ex post* contributions referred to above and alternative funding means of the type contemplated in Article 105 of the BRRD. Also, pursuant to Law 4340/2015 and Law 4346/2015, which amended Law 3864/2010, the HDIGF may receive a resolution loan from the

HFSF to cover its expenses for the funding of resolution procedures in line with EU state aid rules. The repayment of such loan will be guaranteed by the credit institutions participating in the HDIGF proportionately to their contributions to the Resolution Scheme or the Deposits Cover Scheme, as the case may be.

In the case that either (i) the Bank of Greece has issued a decision stating that a credit institution does not seem capable of returning a deposit for reasons directly linked to its financial situation and the credit institution does not seem to recover so as to become capable of returning the deposit in the near future; or (ii) a court judgment has been issued resulting in the suspension of the depositors' right to raise claims against the credit institution, the HDIGF shall pay to the depositors the remuneration within seven (7) business days from the date on which the credit institution became unable to pay deposits and following set off of the credit balances of the deposit accounts against any kind of counterclaims that the credit institution may have against the beneficiary depositor, provided and to the extent that such counterclaims have become due and payable on or prior to the date on which the credit institution became unable to pay deposits pursuant to article 440 et seq. of the Greek Civil Code. The indemnification by the HDIGF of the beneficiaries-investors in relation to claims arising from covered investment services is payable three (3) months after delivery by the HDIGF to the Bank of Greece of the relevant resolution/list of beneficiaries, in accordance with the procedure and subject to the conditions set-out in Law 4370/2016.

### **Management of non-performing loans**

Pursuant to Law 4224/2013 and Cabinet Act 6/2014, as replaced by Law 4389/2016 (art. 72 to 98) an intergovernmental council for the management of private debt (the **Private Debt Management Governmental Council** or the **PDM Council**) has been established with the following objectives:

- to define the strategy and policies in connection with the organisation of a comprehensive mechanism for the efficient management of non-performing private loans;
- to make proposals for the amendment of the existing legal framework on matters of substance and procedure to enhance the effectiveness of private debt resolution issues, including the acceleration of the procedures relating to delayed loan repayment and the improvement of the legal framework governing the real estate market and the coordination of competent bodies and authorities so as to expedite implementation of the PDM Council's proposals;
- to define actions of public awareness for the purpose of directly and efficiently informing and supporting citizens and other interested parties with respect to taking decisions on the above matters;
- to create a network providing free advisory services on debt management issues to individuals and legal entities to plan actions on education and awareness on debt management for households and SMEs, and
- to set any timetables required for the implementation of a strategic plan for the efficient management of private debt and monitor whether such timetables are respected.

Moreover, Law 4224/2013 provides that the Private Debt Management Governmental Council defines the principles related to the "cooperating borrower" and assesses, based on annual data published by the Hellenic Statistical Authority, "reasonable living expenses" which are of relevance, among others, to the Code of Conduct issued by the Bank of Greece on the management of non-performing loans (as described below).

The Act of the Executive Committee of the Bank of Greece No. 42/30.5.2014, as amended by the Acts of the Executive Committee of the Bank of Greece No. 47/09.02.2015, No. 102/30.08.2016, No.

134/05.03.2018 and No. 136/02.04.2018 (**Decision 42/2014**) determined the framework of obligations of the credit institutions in relation to the administration of loans in arrears and non-performing loans, providing for an independent unit of each credit institution for the administration of such loans, the establishment of a separate procedure for the administration thereof supported by appropriate IT systems and periodic filing of reports to the management of the credit institutions and the Bank of Greece. Further, Decision 42/2014 provided an indicative list of standard loan rescheduling models.

Decision 42/2014 was supplemented by Decision No. 116/1/25.8.2014 of the Credit and Insurance Affairs Committee of the Bank of Greece establishing a code of conduct for the management of non-performing loans, as revisited by means of Decision No. 195/1/29.07.2016 of the Credit and Insurance Affairs Committee of the Bank of Greece and Decision No. 221/17.3.2017 (the **Code of Conduct**), issued pursuant to the authorisation granted to the Bank of Greece under Law 4224/2013.

According to the general principles of the Code of Conduct, the Bank of Greece provides guidelines to the credit institutions under its supervision for designing and evaluating viable resolution arrangements. These guidelines require credit institutions to take into consideration the repayment capacity - current and future, as estimated on the basis of conservative and plausible assumptions - of each borrower, whether a natural or a legal person, in order to ensure that the resolution arrangement does not serve to conceal the true levels of risk associated with the exposures in question and thus lead to a heavier burden on the borrower and higher potential losses for the bank. Against this background, for the purposes of the Code of Conduct, the "appropriate solution" shall be considered the one which ensures the bank's compliance with supervisory requirements and, at the same time, takes due regard to the borrower's level of reasonable living expenses, where the borrower is a natural person. If, despite the fulfillment of both conditions, the parties fail to reach a mutually acceptable solution, the dispute may be resolved out of-court through competent mediating bodies or by the competent courts of law.

More specifically, the Code of Conduct describes the stages, deadlines and minimum amount of information that the credit institutions and debtors shall be mutually obliged to exchange for the purposes of accessing the benefits and effects of alternative servicing solutions of debt (Forbearance Solution) or permanent settlement (Resolution and Closure Solutions) of loans in arrears or non-performing loans, in order to find the most suitable solution for the settlement of outstanding debts. The Code of Conduct is applied by credit institutions supervised by the Bank of Greece, as well as by all financial institutions of article 4 of the CRR and by Receivables Management Companies and Receivables Acquisition Companies of Greek law 4354/2015. Furthermore, the debtors subject to the Code of Conduct may be natural persons, professionals or enterprises, regardless of their legal form.

For the purposes of the Code of Conduct's application, loans are considered as any kind of debt towards a credit institution that shall apply the Code of Conduct. The Code of Conduct applies in State guaranteed loans too subject to the consent of the State if such consent is required by the guarantee agreement. The following are exempted from the scope of the Code of Conduct: (i) claims deriving from contracts terminated before 1 January 2015; (ii) claims *vis-à-vis* debtors who have filed an application for the protection of Greek Law 3869/2010, a hearing for which has been already scheduled; and (iii) claims *vis-à-vis* debtors, against whom third party creditors have initiated judicial actions seeking the enforcement of their claims, or debtors, which are already under liquidation process.

The Code of Conduct adopts the definitions of "cooperating debtor" and "reasonable living expenses" under Law 4224/2013. A "debtor" is considered cooperating if: (i) it provides its creditor with its own or its representative's full and up-to-date contact details; (ii) it is available to communicate with its creditor and reverts with honesty and clarity on its creditor's calls and letters within 15 business days; (iii) it notifies its creditor fully and honestly of its current economic condition within 15 business days from any change thereto or from the relevant creditor's request; (iv) it communicates fully and

honestly to its creditor any information that may significantly impact its economic condition within 15 business days from the date it obtained such information; and (v) it consents to explore any alternative options for the restructuring of its debt.

The Code of Conduct requires detailed written procedures for loans in arrears by reference to categories of debtors, written procedures for the assessment of objections by a three member objections committee, appropriate personnel for the efficient handling of cases falling within the scope of the Code of Conduct, detailed written procedures for communications with debtors, standardisation of the content of communications, compliance with the guidelines of the Code of Conduct as to the manner, timing and confidentiality of communications, training arrangements for personnel, communications facilities for submission by debtors of queries, declarations, documents and supporting material, and the availability of information leaflets and other information material for the debtors (in hard copy and on an easily accessible user-friendly website page designated for loans in arrears).

Specific requirements are further included as to the procedures for loans in arrears, the procedures for the assessment of objections and the handling of "non-cooperating" debtors. Each credit or financial institution bound by the Code of Conduct must be in a position to evidence to the Bank of Greece its compliance with the requirements of the Code of Conduct.

Law 4224/2013 provides that the Consumer Ombudsman will act as mediator between lenders and borrowers for the purpose of settling non-performing loans mainly in connection with matters relating to the application of the Code of Conduct for the management of non-performing debts. The terms and procedures for the mediation performed by the Consumer Ombudsman are determined by virtue of Ministerial Decision 5921/2015.

Law 4224/2013, as amended by Law 4336/2015, provided for the creation of a Special Secretariat for the Management of Private Debt. The secretariat has been established by means of article 78 of Law 4389/2016, in order to assist the Private Debt Management Governmental Council, set policies for the provision of information and advice to debtors qualifying as consumers and coordinate the work of all competent bodies. It comprises around 30 regional centres staffed with specialised external counsels whereby debtors may obtain information and economic or legal advice.

Finally, pursuant to Law 4340/2015, which amended Law 3864/2010, the HFSF may facilitate the management of non-performing loans of credit institutions in the context of its objective to contribute to the maintenance of the stability of the Greek banking system.

Further to the above, Greek law 4354/2015, as amended and in force (the **Receivables Law**) has been enacted setting out the framework for the management and the transfer of receivables from both performing and non-performing loans and credits. According to article 1 par. 1 of the Receivables Law, the management of receivables stemming from loan agreements and credits that have been granted by credit or financial institutions is only assigned to (a) *société anonymes* of a special and exclusive purpose established in Greece; (b) entities domiciled in a Member State of the European Economic Area, provided that they have a permanent establishment in Greece through a branch with the purpose of managing claims from loans and credits; and (c) to banking institutions that have an EU passport and a permanent establishment in Greece ((a), (b) and (c) the **servicers**).

Entities (a) and (b) must obtain a special license from the Bank of Greece, subject to governance and organizational requirements imposed by the Receivables Law and Act of the Executive Committee of the Bank of Greece No. 118/19.5.2017. All servicers are subject to the supervision of the Bank of Greece and are further registered with special registries held with the General Commercial Registry and are governed by the provisions of the Receivables Law and the Greek Law on Sociétés Anonyme. Moreover, the application to the Bank of Greece for the granting of the *special license* referred to above must be accompanied with certain information including, *inter alia* (a) the articles of

association of the applicant company, as amended and in force, (b) the identity of the natural or legal persons holding directly (or indirectly, namely by exercising control through intermediary legal entities), a participation percentage or voting rights equal or more than 10 per cent. of the applicant company's share capital, (c) the identity of the natural or legal persons who, although not falling under (b) above, exercise control over the company through a written agreement or otherwise or by acting jointly, (d) the identity of the members of the board of directors or management, (e) certain questionnaires filled in by the shareholders and the directors of the applicant company in order to assess their capacity and suitability for this position ('fit-and-proper' test), (f) the organisational chart and internal documented procedures of the applicant, (g) the applicant's business plan and (h) a detailed report recording thoroughly the main methods and principles ensuring the successful reorganisation of the loans.

Irrespective of the above, the Bank of Greece may request any additional information that it considers important for the assessment of the application. The shares of the applicant company shall be registered shares.

Under the Receivables Law, the transfer of claims from loan agreements and credits that have been granted by credit or financial institutions can only take place by way of sale by virtue of a relevant written agreement and only to the following entities which:

- (a) are *société anonymes* that according to their articles of association may acquire claims from loans and credits, have their registered seat in Greece and are registered with the General Commercial Registry;
- (b) are domiciled within the EEA, which according to their articles of association may proceed to the acquisition of claims from loans and credits, subject to the EU legislation; and
- (c) are domiciled in third countries, which according to their articles of association may proceed to the acquisition of claims from loans and credits, subject to the EU legislation and have the discretion to be established in Greece through a branch, provided that: (i) their registered seat is not located in a state having a privileged tax regime, as such term is determined in the regulatory acts issued from time to time pursuant to Greek law 4172/2013, as amended and in force (**Greek Tax Income Code**) and (ii) their registered seat is not located in a non-cooperative state, as such term is determined in the regulatory acts issued from time to time pursuant to the Greek Tax Income Code.

The purchase of the aforementioned receivables is valid only to the extent that a relevant management agreement has been entered into between an entity falling within one of the categories under (a), (b), or (c) above and an entity for the management of claims that has been licensed and is supervised by the Bank of Greece pursuant to the Receivables Law. The entering into a management agreement is always required for every subsequent transfer of the said receivables.

The Act of the Executive Committee of the Bank of Greece No. 118/19.5.2017, which replaced Act No. 95/27.05.2016, sets out in detail the rules on the establishment and operation of companies acquiring and/or managing receivables from loans and credits under the Receivables Law. The aforesaid Act lays down in detail the procedure for the granting of licence to these companies, the prudential supervision requirements, as well as the main principles for the organisation and corporate governance of the aforementioned entities, including the data and report to be submitted to the Bank of Greece on a periodical basis, the fees to be paid to the Bank of Greece, as well as the liabilities of credit institutions which assign the management or transfer receivables under the Receivables Law.

The Bank of Greece may revoke the license granted to any servicers under the Receivables Law, if such servicers:



- (a) have provided the Bank of Greece with false or misleading data in the context of their licensing process or have wilfully submitted, disseminated, or published any false or misleading data, information or materials;
- (b) do not comply with the requirements set for the provision of their license;
- (c) have violated provisions of Greek law, or decisions issued by the Bank of Greece or other issued in accordance with the Receivables Law;
- (d) are used as means for money laundering activities or finance criminal activities;
- (e) have committed any breaches of the law having the consequence of license revocation;
- (f) hinder in any way the supervisory role of the Bank of Greece;
- (g) violate Greek law or any decisions of the Bank of Greece concerning the supervision or the operations of the servicing entities of the Receivables Law, provided that the effectiveness of regulatory supervision is so prejudiced;
- (h) do not, systematically, comply with their policy report including the basic principles and methods for successful restricting of loans, as such has been previously reviewed and approved by the Bank of Greece; and
- (i) have not entered into a servicing agreement with the beneficiary of the receivables, in accordance with the requirements of the Receivables Law.

If the license of a servicer under the Receivables Law is revoked, the servicer remains under the supervision of the Bank of Greece until the realisation of a plan for the termination of its activities, as such plan will be approved by the Bank of Greece.

If the servicer of the Receivables Law commits any of (a) to (i) referred to above, the Bank of Greece may, upon inviting it to provide explanations, impose a fine upon it up to the amount of €300,000.

Servicers licensed under the Receivables Law are authorised to interact with debtors, restructure loans, implement forbearance schemes and, subject to a license by the Bank of Greece and the consent of the original lender, refinance loans (in which case, minimum capital of €4.5 million must be deposited by the servicer with a bank account in Greece or the EEA, as the case may be). Refinancing loans are considered to be banking loans and must be governed by Greek law with exclusive jurisdiction of Greek courts over any disputes arising out of them. Servicers are explicitly authorised to take enforcement actions against defaulted debtors and participate in insolvency procedures for the benefit of the owner/purchaser of the loan.

The servicers of the Receivables Law must comply with all consumer protection laws, as applicable and in force from time to time, as well as with the Code of Conduct, the rules regulating the provision of loans and credits by credit and financial institutions (including EU Directive 2014/17) and any relevant decisions of the Bank of Greece. The servicers of the Receivables Law must take special measures for vulnerable social groups. Servicers of the Receivables Law must have in place a servicing agreement entered into with the beneficiary of the receivables managed by them. The minimum context of the servicing agreement is set out in Act 118, issued on the basis of the Receivables Law. The drafts of the servicing agreements are subject to the regulatory supervision of the Bank of Greece.

In those cases where the servicing of receivables has been assigned to a servicer licensed under the Receivables Law, the law provides that the legal position of the debtor or the guarantors (if any)

cannot be worse-off. Moreover the Receivables Law provides that the unilateral amendment of any terms of the loan agreements (including the interest rate terms) is not permitted.

### **Settlement of Amounts due by Over-Indebted Individuals**

Law 3869/2010 on the "settlement of amounts due by over-indebted individuals" was enacted on 3 August 2010 and subsequently modified mainly by Laws 3996/2011, 4161/2013, Law 4336/2015, Law 4346/2015, Law 4366/2016 and, most recently, by Law 4549/2018. Law 3869/2010 allows over-indebted debtors who have unintentionally come into an evidenced state of permanent and general inability to repay their due debts to file a petition for the settlement of their due debts by arranging a partial repayment of their debts and writing off the remainder of their due debts, provided the terms of settlement are complied with. All individuals, both consumers and professionals, are subject to the provisions of Law 3869/2010, as amended and in force, provided that they do not have the capacity to be declared bankrupt under the Bankruptcy Code.

The purpose of the amendment of Law 3869/2010 by Law 4336/2015 was to make it more efficient by ensuring effective judicial protection to over-indebted individuals, while at the same time protecting creditors from abuses of the proceedings by debtors. In addition to several amendments intended to expedite and standardise the proceedings, Law 4336/2015 introduced: (a) a requirement for the debtor to act as a "cooperating borrower" both as a prerequisite to special court protection for small claims and as an on-going general obligation throughout the proceedings; and (b) the concept of "reasonable living expenses", which is taken into account for the determination by the court of the instalments to be paid by the debtor. Further, Law 4336/2015 introduced measures to address the large backlog of cases (e.g., by increasing the number of judges and judicial staff).

The amendments effected by Law 4346/2015, among others, lay out the conditions for: (a) the protection of the primary residence of a debtor from forced sale, and (b) the partial funding by the Greek state of the amount of monthly payments set by court decision. In addition, it is provided that the debtor's obligation to act as a cooperating borrower also applies throughout the settlement plan period. The amendments of Law 3869/2010 by virtue of Law 4346/2015 became effective as from 1 January 2016.

Law 3869/2010, prior to the amendments made by Law 4336/2015, allowed the settlement of all amounts due to credit institutions (consumer, mortgage and business loans either promptly serviced or in arrears), as well as those due to third party creditors with the exception of debts from intentional torts, administrative fines, monetary sanctions, debts from taxes, charges due to the Greek state or levies to social security funds and debts from loans granted from social security funds under the provisions of articles 15 and 16 of Law 3586/2007.

Pursuant to the amendments effected by virtue of Law 4336/2015 the ambit of the law covers all debts to private parties (but excluding ascertained debts from torts caused by wilful misconduct or gross negligence, administrative fines and monetary sanctions and debts from alimony or child maintenance) and it has been extended to also cover debts to the Greek state, tax authorities, local government organisations of first and second degree as well as social security funds, under the condition that such debts co-exist with debts owed to private parties. In addition, pursuant to the amendments of the law, the debtor may opt to include debts which at the date of filing of the petition are subject to an administrative, judicial or legal suspension or have been included in a restructuring or facilitation of partial payment which is still valid at the time of filing of the petition.

Debts must have arisen at least one year before the petition date and relief may be used only once. The procedure has three steps: (1) a discretionary pre-court mediation process; (2) an in-court settlement; and (3) a judicial re-structuring of debts.

For the purposes of these proceedings, banks must deliver a full analysis of their claims (including capital, interest expenses, as well as the interest rate), charge free, within 30 working days from the debtor's request, and simultaneously inform the debtor of the amount that corresponds to the 10 per cent. of the last performing instalment. Similarly, according to the amendments effected by virtue of Law 4336/2015, within the above time period, and following the submission of a relevant request by the debtor, the state, tax authorities, local government organisations of first and second degree and social security funds must provide the debtor with a full analysis of its certified debts towards such parties. The analysis produced by tax authorities must include liabilities arising from principal and default interest (including the default interest rate) and accretion.

For the commencement of the judicial proceedings, the debtor must apply to the competent magistrate's court and present evidence regarding its property and its spouse's property, income, creditors, debts, any transfer of the debtor's rights in rem over property for the three year period prior to the date of filing of the petition, a settlement proposal or a request for a total discharge of the debt (where available, in accordance with the amendment effected by Law 4336/2015). Law 4346/2015 introduced a requirement for petitions filed before its entry into force and not yet heard, obliging the debtor to submit updates of the above data; failure by the debtor to comply with that obligation constitutes a breach of the duty to make an honest disclosure.

As from the submission of the petition for settlement and until the issuance of the relevant judicial decision the debtor must pay a portion of his income to his or her creditors in monthly instalments. Specifically, the minimum amount paid by the debtor, subject to the occurrence of certain exceptional circumstances in respect of the debtor, shall not be less than 10 per cent. of the aggregate monthly instalments, the debtor had to pay to all the creditors at the day of the filing of the petition (in any case, the minimum amount to be paid to all the creditors shall not be less than €40 per month). In case the debtor delays the payment of the set instalments in a way that the amount due is higher than the instalments corresponding to three months, consecutive or not, the harmed creditor can serve to the debtor an extra-judicial notice for the payment of the amount due. If the debtor does not comply with the extra-judicial notice within 30 days, any suspension of enforcement measures is lifted, following notice to the other creditors and submission of the relevant notice to the competent court. In any case, the Magistrar can revoke the suspension of enforcement measures granted, if the creditor systematically delays the payment of the instalments, irrespective of whether the total amount due is higher than the instalments corresponding to three months.

Until the "day of ratification" (when pre-court mediation is ratified by the court or the issuance of a temporary order is discussed) or, in the case of an application for submission in the procedure for the fast settlement of small debts, until the hearing of such a petition, the taking of any enforcement measures against the debtor in relation to claims which have been included in the petition is prohibited and the same stands for any change in the actual and legal status of the debtor's assets. A temporary order for suspension of enforcement measures may also be issued on the "day of ratification".

If the settlement proposal is not accepted by the creditors, or the requirements for the substitution of consent of the creditors who do not agree are not met, the procedures for the judicial debt discharge and restructuring are activated. In that case, the court proceeds with issuing its ruling on the petition. If, after taking into consideration the particular circumstances of the case, the court rules that the debtor's property and income are inadequate, it will specify an amount that the debtor has to pay directly to all its creditors (except if the court rules otherwise), on a monthly basis for a period of three years (three to five years under the previous regime).

If the court rules that liquidation of the property of the debtor is required, it appoints a liquidator. However, it is possible for the debtor to request the exemption of its primary residence (not only in case of full ownership but also in case of bare ownership and usufruct) from the property to be

liquidated. In particular, in accordance with the amendment effected by virtue of par. 1 of article 14 of Law 4346/2015 (which took effect as of 1 January 2016), it is provided that:

The debtor is entitled, until 31 December 2018, to submit to the court a liquidation proposal and a settlement plan and also to apply for the exemption of its primary residence, irrespective of whether it is encumbered or not, provided that all of the following conditions are satisfied: (a) the specific property must be used as the debtor's primary residence, (b) the monthly available family income must not exceed the amount of reasonable living expenses as determined by Law 3869/2010, increased by 70 per cent., (c) the objective value of the primary residence at the time of hearing of the petition must not exceed €180,000 for an unmarried debtor, increased by €40,000 for a married debtor and by €20,000 per child up to three children, and (d) the debtor must have acted as a cooperating borrower (within the meaning of the Code of Conduct). The debt settlement plan must provide for payments by the debtor to the full extent of the debtor's ability to repay and the amount payable by the debtor must be set so as not to result in the creditors being placed without their consent in a worse financial position than in the case of enforcement proceedings. Decision of the Bank of Greece no. 54/15.12.2015, which entered into force as of 1 January 2016, sets out the procedure and the criteria for the determination of: (a) the debtor's repayment ability and (b) the amount that the creditors would have received in case of enforcement proceedings.

Until 31 December 2018, as long as the following conditions are cumulatively met: (a) the particular property is used as primary residence of the debtor; (b) the available monthly family income does not exceed the reasonable living expenses; (c) the objective value of the primary residence at the time of the hearing of the petition does not exceed €120,000 for an unmarried debtor, increased by €40,000 for a married debtor and by €20,000 per child up to three children; (d) the debtor is a cooperating borrower (within the meaning of the Code of Conduct); and (e) the debtor is unable to pay the monthly instalments as set in the debt settlement plan, then the debtor is entitled to apply for contribution by the Greek state to the partial repayment of the monthly instalments. The debtor must pay the maximum amount allowed by reference to the debtor's repayment ability and in any case not less than the minimum contribution of the debtor. The contribution of the Greek state may not extend beyond a three-year period and is subject to the payment of the minimum contribution of the debtor. The conditions for setting the amount of contribution of the Greek state, the minimum contribution of the debtor and the procedure for the implementation of that economic support mechanism was determined by the Joint Ministerial Decision no. 130377. Until 31 December 2016, the State was entitled to proceed with the payment of part of the difference between the amount paid by a debtor qualifying for the Greek state contribution and the amount set by the settlement plan. In such a case the restructuring plan was treated as performing and any amount remaining so unpaid was aggregated to the amount outstanding under the remaining amount of the debt settlement plan. The terms and conditions for any payments by the Greek State in 2016 were set out in the above-mentioned Joint Ministerial Decision.

The servicing of the loan is done at an interest rate not exceeding the contractually applicable interest rate to a performing debt or the average floating interest rate for residential loans during the last month for which data is available (in accordance with the Bank of Greece bulletin) to be readjusted on the basis of the ECB refinancing interest as reference interest rate or, in case of a fixed interest rate, the average fixed interest rate for residential loans of a comparable term (again, in accordance with the Bank of Greece bulletin) and without compounding of interest. The amortisation period is determined taking into account the overall amount of the indebtedness as well as the economic ability of the debtor, and it may not exceed 20 years, unless the original loan term is longer than 20 years, in which case the court may set a longer period but in any event not more than 35 years. Creditors' claims are satisfied out of the payments by the debtor and articles 974 et seq. of the Greek Code of Civil Procedure apply by analogy in this respect.

In case of a sale of the property during the settlement term, if the sale price exceeds the amount of the settlement plan amount (as determined by the court decision), then half of the difference is paid to secured and preferential creditors.

Due performance by the debtor of the obligations under the settlement plan releases the debtor from any remaining unpaid balance of the claims, including claims of creditors who had not announced their claims. On application by the debtor, the court certifies such release. If the debtor delays performance of the obligations under the settlement plan for more than three months or otherwise disputes the settlement plan, the court may order cancellation of the settlement plan upon the application of any harmed creditor. If the debtor does not comply with the extra-judicial notice within 30 days, any suspension of enforcement measures is lifted, following notice to the other creditors and submission of the relevant notice to the competent court. In any case, the Magistar can revoke the suspension of enforcement measures granted, if the creditor systematically delays the payment of the instalments, irrespective of whether the total amount due is higher than the instalments corresponding to three months. A cancellation has the effect of restoring the claims to the amount prior to ratification of the settlement plan, subject to the deduction of any amount paid by the debtor.

The rights of creditors against co-borrowers or guarantors of the debtor as well as rights in rem of the secured creditors are not affected, unless such co-borrowers, guarantors or other beneficiaries are also subject to the same insolvency proceedings. The rights of secured creditors over the secured assets are not affected.

Law 4336/2015 introduced a procedure for the fast settlement of small debts. It applies to debts less than or equal to 20,000 Euros and debtors whose overall assets do not exceed 1,000 Euros. The debtor may be fully discharged of its debts following an initial supervision period of 18 months on condition that it submits information to the secretariat of the competent court, on a quarterly basis at the latest, on any change in the property or income condition of the debtor and the debtor's family.

Circular no. 1036/18.03.2016 issued by the Ministry of Finance provides further clarifications on the provisions of Law 3869/2010, as amended and in force, including details with respect to the requirements for the submission of an application related to the settlement of amounts due by over-indebted individuals.

Finally, recent further amendments of the Law 3869/2010 by Law 4549/2018 aim mainly at confronting the abusive behaviour shown by certain debtors, sometimes merchants, who file a request in order to take advantage of the automatic suspension of enforcement measures and at enhancing creditors' rights in the event of change in the financial position of the debtors.

### **Special Procedures for Over-Indebted Business Undertakings and Professionals**

Law 4307/2014 enacted on 15 November 2014 introduced a new set of extraordinary temporary measures for the relief of debts owed by business undertakings and professionals to finance providers, the Greek state and social security funds. Law 4307/2014 (articles 60 *et seq.*, as amended and in force) provides for:

- (a) the restructuring or write-off of debts of qualifying small business undertakings and professionals by application to the relevant finance provider(s) not later than 31 March 2016, subject to certain criteria set out below;
- (b) an extraordinary procedure for the ratification of an agreement with a specified majority of creditors, for the restructuring or settlement of debts, available to business undertakings (having bankruptcy capacity) by application that should have been submitted to the court of the place of the debtor's business in Greece not later than 30 September 2016 (as extended by

article 56 of Law 4403/2016); no further extension of the aforementioned deadline has been passed by law; and

- (c) an extraordinary procedure for the placement into special administration of business undertakings (with bankruptcy capacity) with their principal place of business in Greece.

"Finance providers" within the meaning of Law 4307/2014 are any credit institutions (including credit institutions under special liquidation), financial leasing companies and factoring companies, in each case subject to the supervision of the Bank of Greece.

In order for small businesses and professionals to qualify for the purposes of restructuring or write-off of debts under Law 4307/2014 (option (a) above):

- (i) they must not have filed a petition for submission to the provisions of Law 3869/2010, or they have validly waived their respective petition until the date of submission of the application of Law 4307/2014;
- (ii) they must not have been dissolved or ceased their activities;
- (iii) they must not have filed a petition for submission to any procedure provided for in Law 3588/2007 or they have validly waived their respective petition;
- (iv) no final judgment must have been issued against them for tax evasion or fraud offences against the Greek state or social security funds; and
- (v) their turnover of the fiscal year 2013 must not exceed the limit of €2,500,000.

The eligible finance provider's claim for such restructuring or write-off has to be overdue for a period of at least 90 days or under judicial procedures or restructured, in each case as at 30 June 2014. The finance provider's claim will be considered eligible for restructuring or write-off, when the debtor either is unable to obtain tax and social security clearance owing to overdue debts or it has obtained clearance following settlement pursuant to the provisions of Law 4305/2014. Also, the amount which is due to be settled or written off cannot exceed €500,000 per financing provider. The relevant finance provider may reject the debtor's application or propose a settlement or write-off on different terms.

For the purposes of the court procedure of item (b) above, the debtor must have settled any outstanding amount owed to the tax authorities or the social security funds. The agreement with a qualifying majority of creditors representing at least 50.1 per cent. of the total indebtedness (which must include at least 50.1 per cent. of the secured indebtedness and represent at least 20 per cent. of the debtor's total indebtedness) is submitted to the court of first instance in the jurisdiction of which the debtor has its registered seat and it is ratified under this procedure and is binding on all creditors; however, subject to certain requirements, creditors who did not consent to the restructuring agreement and whose receivables have decreased due to such settlement are entitled to claim damages from the debtor.

The court procedure for the placement of a debtor into special administration (item (c) above) is opened by one or more creditors (necessarily including at least one finance provider with claim(s) at least equal to 40 per cent. of the aggregate debtor's indebtedness) by petition submitted to the court of first instance of the debtor's principal place of business. The application must specify the appointed special administrator, which must have accepted its appointment. For the purposes of the special administration procedure, qualifying debtors must either: (a) be generally and permanently unable to pay their debts as they fall due; or (b) in respect of a debtor being a company limited by shares, meet the criteria for an application for dissolution of the company by court decision under article 48

paragraph 1 of Law 2190/1920, to be replaced as of 1 January 2019 by Greek Law 4548/2018 (either, as applicable, the **Greek Law on Sociétés Anonymes**) for at least two consecutive financial years.

Following the filing of a petition before the competent Court for the borrower to be placed under special administration in accordance with articles 68 et seq. of Greek Law 4307/2014, the Court may, upon receipt of a relevant request by any person with legal interest, order the stay of enforcement proceedings against the borrower during the period running from the date of filing of the petition until the issuance of the court decision resolving upon the placement of the borrower into special administration and the prohibition on the disposal of the debtor's immovable assets and business machinery. Further, upon the borrower being placed under special administration in accordance with article 68 et seq. of Greek Law 4307/2014, all enforcement proceedings against the borrower are automatically suspended throughout the relevant proceedings, i.e. for a period up to 12 months as from the issuance of the relevant court decision. The competent Court appoints an administrator with a mandate to liquidate the debtor's assets by conducting a public auction for at least 90 per cent. of the accounting value of debtor's business and assets,. The results of such auction are then ratified by the Court. The creditors' claims are satisfied through the proceeds of the auction. In the event that the threshold of liquidation of at least 90 per cent. of the debtor's business and assets is not fulfilled attained within a period of twelve (12) months from the date of issuance of the court decision initiating the special liquidation proceeding, and regardless of any substitution of the special liquidator in this period, the proceeding is *de lege* and *ipso facto* terminated and the special liquidator is obligated to initiate bankruptcy proceedings against the debtor.

### **Out-of-court Settlement of Business Debts**

Law 4469/2017 was published in the Government Gazette on 3 May 2017 introducing an out-of-court mechanism for the settlement of debts owed by a debtor to his/her creditors stemming from the business activity of the debtor or from any other reason, provided that the settlement is considered necessary in order to ensure the viability of the debtor.

Law 4469/2017, as amended by law 4549/2018 and in force, applies to: (i) individuals who have a bankruptcy capacity according to the Greek Bankruptcy Code; and (ii) legal entities which earn income from business activity pursuant to articles 21 and 47 of the Greek Tax Income Code and have a tax residence in Greece. The aforesaid persons may submit an application until 31 December 2018 in order to be placed under the beneficial provisions of the new law, provided that the following main conditions are met:

- (a) as at 31 December 2017: (i) the debtor had outstanding debts towards financing institutions arising from loans or credits in arrears for at least ninety (90) days; or (ii) the debtor had debts settled after 1 July 2016; or (iii) the debtor had outstanding debts towards tax authorities or social security funds or other public law entities; or (iv) the issuance of bad checks by the debtor had been ascertained; or (v) payment orders or court judgments for outstanding debts had been issued against the debtor;
- (b) the total debts to be settled exceed €20,000; and
- (c) for debtors keeping double-entry accounting books, the debtor has a positive EBITDA or a positive equity at least in one of the three financial years preceding the submission of the application and for debtors keeping single-entry accounting books, the debtor has a positive net EBITDA at least in one of the three years preceding the submission of the application.

If other co-debtors are liable for the debts together with the debtor, they are obliged to file the application together with the debtor.

The out-of-court settlement mechanism involves, *inter alia*, the appointment of a coordinator of the procedure (selected from a registry kept with the Special Secretariat for the Management of Private Debt), who shall notify all creditors of the debtor referred to in the application within 2 days following receipt of a complete application. Within 10 days following their notification, the creditors shall inform the coordinator about their intention to participate in the process and shall declare the exact amount of the debt owed to them by the debtor.

The parties may freely decide on the terms of the debt restructuring agreement subject to certain exemptions, the most important of which are: (a) the obligation not to render the financial situation of any creditor worse than the one he/she would be in the case of liquidation of the debtor's assets in the context of an enforcement procedure pursuant to the provisions of the Code of Civil Procedure; (b) the collection by the creditors whose claims are settled in the restructuring agreement of amounts or other considerations at least equal to the amounts that they would collect in the case of liquidation of the debtor's and co-debtors' assets during an enforcement procedure pursuant to the provisions of the Code of Civil Procedure; (c) several restrictions regarding the write-off and/or settlement of the claims of the State and the social security funds. The debtor or a participating creditor may submit the debt restructuring agreement for ratification to the Multi-Member Court of First Instance of the place where the debtor has its registered seat (or residence, as the case may be). Law 4469/2017 provides for the possibility (and not the obligation) of the Settlement Agreement's judicial ratification (by means of a court ruling issued by the Multi-member court of First Instance on the basis of *ex parte* proceedings). The judicial ratification is required in order for the Settlement Agreement to legally bind the non-contracting creditors. The court decision ratifying the Settlement Agreement constitutes an *ex lege* enforcement title.

For a time period of 90 days following notification of the creditors to participate in the procedure, any individual and collective enforcement measures against the debtor with respect to the claims for which the out-of-court settlement is sought, as well as any interim measures against the debtor, including registration of pre-notation of mortgage, are suspended. The suspension is automatically lifted if the out-of-court settlement attempt is considered unsuccessful and as such is terminated or if a decision of the majority of creditors is taken to that respect. The same suspension applies during the time period from the submission of the debt restructuring agreement for ratification to the competent Court until the issuance of the court decision.

By joint decision of the Ministers of Finance and Development, Finance and Labour, Social Security and Social Solidarity, a simplified procedure for settlement of debts may be available to persons whose the total debts do not exceed the amount of €50,000. The proposal for settlement as well as its assessment shall be made in a standardised manner.

The procedure for the out-of-court settlement of business debts under law 4469/2017 is performed through an electronic platform. The details for the establishment and necessary operational specifications of such platform and for the procedure through such platform are set out in the Joint Ministerial Decision 116821/25-10-2017. Debtors excluded by the scope of law 4469/2017 (as further specified in paragraph 21 of art.15) can, through such platform, submit applications for bilateral settlement of their debt either towards the State or to the Social Security Funds or to financing institutions. Through the submission of the application the debtor grants its permission for the transmission of its personal data included in the relevant application to its creditors. Such permission entails that banking and tax secrecy no longer apply towards the respective creditor.

Law 4469/2017 sets out the consequences and measures applicable in case of non-compliance with the Settlement Agreement. In brief, in the event of non-payment of the debtor for a time period longer than ninety (90) days, any creditor may file an annulment petition before the court. Upon annulment, all claims revive while the Settlement Agreement's annulment constitutes a refutable presumption of the debtor's cessation of payments. Whereas, a Settlement Agreement with the Greek State/Social Security Funds is automatically revoked in case of (a) non-payment (or partial payment) of three (3)



instalments; (b) failure to submit the required income tax and VAT statements within three (3) months from the lapse of their submission deadline; and (c) failure to pay or settle any subsequent debt obligations born after 31.12.2016 within ninety (90) days from the enactment or the ratification of the Settlement Agreement or, in case such debt obligations became due following the enactment or the ratification of the Settlement Agreement, within sixty (60) days from the payment time due.

The law came into force on 3 August 2017 with the exception of a few provisions explicitly set out in the law which apply from the date of its publication in the Government Gazette.

### **Greek Legislation and Regulation Pertaining to Insolvency**

The bankruptcy code was enacted by Law 3588/2007 (the **Bankruptcy Code**), amending and replacing older provisions on insolvency (both in connection with winding up and rehabilitation). The Bankruptcy Code has been amended several, including by Laws 4446/2016, 4472/2017, 4491/2017 and most recently by Law 4512/2018. The latest amendments modified and replaced several provisions of the Bankruptcy Code, with respect to the conciliation agreement (or settlement agreement), the repeal of the provisions regarding special liquidation and the ranking of creditors.

The Bankruptcy Code only applies to business undertakings, which include sole traders, partnerships, companies and unincorporated legal entities that pursue a financial purpose and have the place of their main interests in Greece, but excluding certain regulated entities (such as credit institutions and insurance companies).

Under the Bankruptcy Code (as amended), the following insolvency proceedings are currently available for debtors meeting the insolvency criteria of the Bankruptcy Code:

- (a) bankruptcy, which is regulated by articles 1-98 of the Bankruptcy Code (except for the simplified bankruptcy proceedings in respect of small debtors (provided that at least two of the following criteria are met: (1) the value of the bankruptcy estate does not exceed €150,000; (2) net turnover of at least €200,000; (3) average number of persons occupied not exceeding five, which are regulated by Articles 162-163 of the Bankruptcy Code, as replaced by article 62 of Greek Law 4472/2017, and Articles 163a–163c of the Bankruptcy Code, added through article 62 of Greek Law 4472/2017). Bankruptcy proceedings commence by a declaration of the bankruptcy by the court on the application of any creditor, the debtor or the attorney general. Furthermore, the debtor itself is obliged to commence bankruptcy proceedings within 30 days of the date on which it became unable to repay its debts. From the declaration of bankruptcy a bankruptcy officer (*syndikos*) is appointed and is responsible for the administration of the debtor's assets for the purposes of liquidating and distributing the proceeds of liquidation to the creditors, in accordance with their respective rights of priority;
- (b) rehabilitation agreement (Bankruptcy Code articles 99-106(f)) between either a debtor and a qualifying majority of its creditors or between the creditors with the aim that the debtor satisfies (even partly) its creditors and remains operational following ratification of the agreement. The rehabilitation agreement proceedings are available on the application of the debtor, provided that there is evidence of an actual or foreseeable financial inability on the part of the debtor to pay its debts as they fall due in a general manner, or if the court forms the view that such financial inability is likely to occur. The court may also sustain the debtor's application if it assesses that the debtor is already in cessation of payments, provided that the debtor, at the same time, files for bankruptcy and also files an expert report. In such a case, the petition for the declaration of bankruptcy is examined by the court if the court rejects the ratification of the rehabilitation agreement. The rehabilitation agreement is ratified by a court decision and initiated following submission of an application to the competent court by (a) the insolvent debtor and provided that it has been concluded between the debtor and creditors representing 60 per cent. of claims, at least 40 per cent. of which must be of secured creditors,

or (b) creditors representing 60 per cent. of claims, at least 40 per cent. of which must be of secured creditors, regarding the rehabilitation plan agreed between them and provided that the debtor is already in a status of cessation of payments. Upon ratification, the rehabilitation plan is binding upon all creditors, whose claims are regulated in such plan, including non-participating creditors (but is not binding on creditors whose claims have arisen after the decision ratifying the rehabilitation plan); and

- (c) a restructuring plan (Bankruptcy Code articles 107-131) following its approval by the court and the creditors which may be initiated on the application to the court of:
  - (i) the debtor, either at the same time as its application to be declared bankrupt or within three months from the decision declaring bankruptcy (such period may be extended by the insolvency court for an additional period not exceeding one calendar month); or
  - (ii) creditors representing 60 per cent. of claims, at least 40 per cent. of which must be of secured creditors, along with the application for the declaration of bankruptcy.

Following the acceptance of the proposed restructuring plan by creditors representing at least 60 per cent. of the total claims value, including 40 per cent. of the claims of secured creditors, the plan is submitted to the competent court for ratification. Upon ratification by the court the plan is binding upon all creditors of the debtor including any dissenting and non-participating creditors. Thereafter, the bankruptcy proceedings are terminated and, unless otherwise provided in the restructuring plan, the debtor resumes administration of its business with a view to fulfilling the terms of the restructuring plan.

Bankruptcy is a liquidation proceeding, whereas rehabilitation agreements (also available pre-bankruptcy in the case of a foreseeable inability to pay debts as they fall due) and restructuring plans (only available after declaration of bankruptcy) are rehabilitation proceedings.

The Bankruptcy Code includes detailed provisions on each of the above insolvency proceedings and the requirements that need to be met in respect of each proceeding, including the rights of creditors thereunder.

The amendments of the Bankruptcy Code by Law 4336/2015 and Law 4446/2016 include provisions intended to make these proceedings more expedient and efficient, including by setting stricter timeframes for completion of various stages of these proceedings and by strengthening documentary and expert evidence requirements in connection with the rehabilitation prospects and to protect against abuses of the proceedings.

A most significant change introduced by Law 4336/2015 concerns the insolvency practitioners ("*diaxeiristes aferegyotitas*" in Greek). Commencing from 1 January 2016, the functions of a bankruptcy officer ("*syndikos*" in Greek), mediator, representative of creditors or liquidator (as the case may be under the Bankruptcy Code, depending on the type of proceedings) may be carried on by an individual or legal entity registered in a special register and qualified to act as insolvency practitioner. Presidential Decree No. 133 was issued on recommendation of the Minister of Economy and Development and the Minister of Justice, Transparency and Human Rights providing for the necessary formal and substantive qualifications of insolvency practitioners, their appointment and termination of appointment, their powers and duties and their supervision and liability.

Law 4472/2017 introduced changes to the bankruptcy proceedings in respect of small debtors and Law 4512/2018, amongst others, introduced certain changes in the distributional priorities (before and) after insolvency for claims arising after 17 January 2018 (see below "*Regulation and Supervision of Banks in the Hellenic Republic - Distributional priorities before and after insolvency*").

## **Distributional priorities before and after insolvency**

The Bankruptcy Code, the Code of Civil Procedure and the Code for the Collection of Public Revenues include specific provisions on the priority of claims of creditors and distinguish between: (1) preferred claims by operation of law (this concerns, among others, claims on account of VAT and other taxes, claims of public law entities, claims of employees and social security funds and, under the Bankruptcy Code, also concerns credit facilities granted as rescue funding after the opening of insolvency proceedings); (2) secured claims (which include those of secured creditors); and (3) unsecured claims.

The opening of insolvency proceedings does not affect the priority ranking of validly created security (claims of item (2) above) and secured creditors (as opposed to unsecured creditors) can initiate individual enforcement proceedings for their secured claim following the opening of insolvency proceedings against the debtor (provided that, depending on the type and stage of the insolvency proceedings, a stay may be imposed in accordance with the Bankruptcy Code).

The distinction between preferred claims, secured claims and unsecured claims is critical in the context of distribution of the proceeds of liquidation of the assets over which security has been created. Preferred or secured claims are satisfied in priority over unsecured claims.

In case of enforcement proceedings initiated before 1 January 2016 and bankruptcies declared before 1 January 2016, if preferred claims co-exist with secured claims, preferred claims are entitled to up to one-third of the proceeds of liquidation, provided that certain preferred claims (claims on account of VAT and claims of employees and social security funds) have absolute priority over all other claims without being restricted to one-third of the proceeds of liquidation. Unsecured claims will only be satisfied pro rata out of any remainder of the proceeds of liquidation of the insolvency estate, following satisfaction of all preferred or secured claims.

However, following the amendment of the provisions of the Code of Civil Procedure by Law 4335/2015 and the amendment of the Bankruptcy Code by Laws 4336/2015, 4446/2016 and 4512/2018 on the ranking of creditors in enforcement and insolvency proceedings respectively, the aforementioned allocation of proceeds no longer applies for enforcement proceedings initiated after 1 January 2016 and bankruptcies declared after 1 January 2016. This will benefit secured creditors and also unsecured creditors. The latter are also entitled to a specific percentage of the enforcement proceeds, depending on whether preferred claims and secured claims co-exist with unsecured claims or not.

In particular, (a) in case of concurrence of creditors' preferred claims, secured claims and unsecured claims, preferred creditors are allocated 25 per cent. of the auction/liquidation proceeds, secured creditors are allocated 65 per cent. of such proceeds, whereas the remaining 10 per cent. of the auction/liquidation proceeds is allocated unsecured creditors; (b) in case of concurrence of secured claims and unsecured claims, an amount of 90 per cent. of the proceeds is allocated for the repayment of secured creditors, while the remaining 10 per cent. of the auction/liquidation proceeds is allocated to the unsecured creditors; (c) in case of concurrence of preferred claims and unsecured claims, an amount of 70 per cent. of the proceeds is allocated for the repayment of preferred creditors, while the remaining 30 per cent. of the auction/liquidation proceeds is allocated to the unsecured creditors; and (d) in case of concurrence of preferred claims and secured claims, the preferred claims will be satisfied up to one-third of the auction proceeds, whereas the secured claims may be satisfied up to two-thirds of the auction proceeds. In the event of insolvency proceedings, the claims arising from financing of any kind to the debtor aimed at ensuring the continuance of the operations of its business and payment of its obligations, subject to the conditions of art. 154(a) of the Bankruptcy Code, are classified as preferred and have an absolute priority over all other claims in the case of (a) and (c) above and the respective distributional percentages apply after full discharge of such claims.

The preferred claims under article 975 of the Code of Civil Procedure follow the ranking order set out below:

- (i) Medical and funeral expenses of the debtor and his family that arose within the last twelve (12) months prior to the day of the public auction or the declaration of bankruptcy and compensation claims (except claims for moral damages) due to disability exceeding eighty per cent (80 per cent.) or more that arose until the day of the public auction or the declaration of bankruptcy.
- (ii) Claims for the nutrition of debtor and his family that arose during the last six months before the day of the public auction or the declaration of bankruptcy.
- (iii) Claims based on salaried employment, claims from fees, expenses and compensation of lawyers paid under fixed regular remuneration, provided that they arose within the last two years prior to the day of the first public auction or the declaration of bankruptcy, compensation claims arising by reason of termination of employment arrangements and lawyers' compensation claims arising by reason of the termination of in-house employment arrangement. The same rank also includes claims of the State arising out of the Value Added Tax (VAT) and any attributable or withholding taxes together with any increments and interests imposed on such claims, as well as claims of social security organisations, alimony claims in case of death of the person owing such alimony and compensation claims due to disability exceeding sixty seven per cent (67 per cent.) which arose up to the day of the public auction or the declaration of bankruptcy.
- (iv) Claims of farmers or agricultural cooperatives from the sale of agricultural products that arose within the last year prior to the day the public auction was first set to occur or the declaration of bankruptcy.
- (v) Claims of the State and municipal authorities arising out of any cause, together with any increments and interest imposed on such claims.
- (vi) Claims of the Athens Stock Exchange Members' Guarantee Fund (Synegyitiko) against the debtor, insofar as such debtor is or was an investment services firm and the claims of such fund were born within the two (2) years preceding the day of the public auction or the declaration of bankruptcy.

More recently, Law 4512/2018 (articles 176 and 177) introduced certain changes in the ranking order of creditors in enforcement proceedings (new articles 977A of the Code of Civil Procedure and 156A of the Bankruptcy Code). In particular, under article 977A of the Code of Civil Procedure, in respect of any new claims arising after 17 January 2018 and which are secured by a pledge or mortgage over an asset which was not previously encumbered, the auction proceeds will be allocated, after deduction of the enforcement expenses as follows:

- (i) Claims of employees for salaries of up to six months, owed on the basis of salaried employment and arisen prior to the scheduled date of the first auction, capped, per employee and per month, at the amount of the minimum monthly statutory salary for employees above 25 years old multiplied by 275 per cent.;
- (ii) secured claims;
- (iii) preferred claims; and
- (iv) unsecured claims.

The ranking of creditors in insolvency proceedings under the new article 156A of the Bankruptcy Code apply in respect of any new claims arising after such provisions enter into force (i.e. on 17-01-2018) and which are secured by a pledge or mortgage over an asset which was not previously encumbered (both conditions need to apply cumulatively); in such case, the auction proceeds will be allocated, after deduction of the insolvency expenses as follows:

- (i) claims enjoying privileges, as per above under (1);
- (ii) claims arising from financing of any kind to the debtor aimed at ensuring the continuance of the operations of its business and payment of its obligations, subject to the conditions of art. 154(a) of the Bankruptcy Code;
- (iii) secured claims under art. 155 paragraph 1(a) and (b) (including those secured by pledge or mortgage);
- (iv) (remaining) preferred claims as per art.154 of the Bankruptcy Code and (remaining) secured claims; and
- (v) unsecured claims.

Laws 4335/2015, 4336/2015, 4446/2016 and 4512/2018 introduced changes in the provisions on the distributional priorities, as well as extensive procedural changes, intended to standardise and expedite court and enforcement proceedings before and after insolvency, and to protect against abuses of the proceedings.

### **Interest Rates**

Under Greek law, interest rates applicable to bank loans and bank credit in general are not subject to a legal maximum, but they must comply with certain requirements intended to ensure clarity and transparency, including with regard to their readjustments. Specifically, the Bank of Greece Governor's Act No. 2501/2002 and Decision No. 178/2004 of the Banking and Credit Committee of the Bank of Greece, as amended by Decision No. 234/2006, provide that credit institutions operating in Greece should determine their interest rates in the context of the open market and free competition rules, taking into consideration the risks undertaken on a case-by-case basis, as well as potential changes in the financial conditions and data and information specifically provided by parties for this purpose.

Limitations apply to the compounding of interest under Greek law. In particular, the compounding of interest with respect to bank loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under article 12 of Law 2601/1998, article 30 of Law 2789/2000 and article 39 of Law 3259/2004. Greek credit institutions must also apply article 150 of Law 4261/2014 on interest rates of loans and other credits. Pursuant to article 150 of Law 4261/2014, credit institutions are precluded from accounting for interest income from loans which are overdue for more than a three-month period or a six-month period in case of loans fully secured by real estate which are made to individuals.

Default interest may not exceed the aggregate of annual, contractual interest plus a maximum percentage determined by the Bank of Greece, currently 2.5 per cent. over and above the normally applicable interest rate.

### **Secured Lending**

Greek credit institutions are permitted to grant customers loans and credit that are secured by real estate, movable assets and receivables of the debtor (including cash).

The provisions of Legislative Decree 17.7/13.08.1923 regulate issues regarding the granting of loans secured by in rem rights and Law 3301/2004 regulates financial collateral arrangements.

Mortgage lending is extended mostly on the basis of mortgage pre-notations, which are less expensive and easier to record than mortgages and may be converted into full mortgages within 90 days from the final (non appealable) court judgment.

European Directive 2014/17 on credit agreements for consumers relating to residential immovable property lays down a common framework for certain aspects of the laws, regulations and administrative provisions of the EU Member States concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property, including an obligation to carry out a creditworthiness assessment before granting a credit, as a basis for the development of effective underwriting standards in relation to residential immovable property in the EU Member States, and for certain prudential and supervisory requirements, including for the establishment and supervision of credit intermediaries, appointed representatives and non-credit institutions. Greece transposed Directive 2014/17 into national legislation by means of Law 4438/2016.

### **Restrictions on Enforcement of Granted Collateral**

According to Law 3814/2010, the forced auctions initiated either by credit institutions or by companies providing credit or by their assignees to satisfy claims not exceeding €200,000 were suspended initially until and including 30 June 2010 and subsequently until 31 December 2013.

Moreover, according to article 2 of Law 4224/2013, from 1 January 2014 until 31 December 2014 enforcement of auctions concerning the primary residence declared as such in the debtor's last income tax return were suspended provided that the real estate's objective value did not exceed €200,000, and that the following criteria were met; (a) the debtor's family annual declared income excluding social security contributions, income tax and the one-off solidarity contributions was equal to or lower than €35,000; (b) the total value of the debtor's assets and property did not exceed €270,000 and; (c) the total value of the debtor's deposits and investments in securities in Greece and abroad as at 20 November 2013 did not exceed €15,000, excluding any periodic payments under pension and insurance plans. Those properties that did not meet the criteria of the above law were no longer protected from foreclosure and auction proceedings. During the aforementioned suspensions, debtors were obliged to pay monthly instalments. Nevertheless, in exceptional cases (e.g., debtors with no income) debtors could be exempted from payment. The Hellenic Bank Association announced on 21 July 2015 that banks operating in Greece will continue until the end of 2015, to provide protection of primary residence to borrowers under the provisions of Greek Law 4224/2013. The aforementioned period expired, as well as the restriction on enforcement proceedings imposed following the imposition of capital controls regime from 14 July 2015 until 31 October 2015, and as of January 2016, restrictions on enforcement may apply in relation to the primary residence of debtors who have been placed under the protective regime of Law 3869/2010, as amended and in force (see "*Settlement of Amounts due by over-indebted individuals*" above), while as of 21 February 2018 the auctions have been performed exclusively electronically according to article 208 of Law 4512/2018.

### **MiFID - MiFID II – MiFIR – Market Abuse Regulation**

MiFID, the EU Council Directive 2006/73 and Council Regulation 1287/2006 were transposed in Greece by Law 3606/2007 and subsequent decisions of the Hellenic Capital Market Commission (HCMC) as well as Bank of Greece Governor's Acts. Relevant provisions introduced significant changes with a view to improving the legal framework of investment services: investment services providers were required to categorise their clients as per the client's risk profile, offer increased transparency on fees and expenses charged to said clients, ensure timely and duly forwarding of

clients' orders concerning transactions on the ATHEX, and locate and prevent conflicts of interest and other relevant matters.

MiFID II and MiFIR were issued on 15 May 2014. The application date of MiFID II and MiFIR, initially scheduled for 3 January 2017, was extended to 3 January 2018. The new framework aims to make financial markets more efficient, resilient and transparent. It introduces rules on high frequency trading, improves the transparency and oversight of financial markets, including derivatives markets, and addresses the issue of excessive price volatility in commodity derivatives markets. Furthermore, it expands supervision to all financial instruments admitted to trading, over-the-counter transactions and trading venues. Building on the rules already in place, MiFID II also strengthens the protection of investors by introducing robust organisational and conduct requirements or by strengthening the role of management bodies. The new framework also increases the role and supervisory powers of regulators and establishes powers to prohibit or restrict the marketing and distribution of certain products in well-defined circumstances.

MiFID II has been transposed into Greek law by virtue of Law 4514/2018.

With effect from 3 July 2016, the EU Market Abuse Regulation (Regulation (EU) No 596/2014) (**MAR**), replaced the existing EU Market Abuse Directive (Directive 2003/6/EC) and the various laws of the EU Member States implementing it. As an EU Regulation, MAR is both directly applicable and directly effective meaning that MAR will form part of the domestic law of EU Member States without any need for further implementation or transposition. MAR sets out various requirements and rules with respect to market abuse, including market manipulation, insider dealing and the unlawful disclosure of inside information. It also sets out various additional related requirements with respect to matters such as market soundings, suspicious transaction and order reporting and the provision of investment recommendations.

MAR itself sets out a number of administrative sanctions for breaches of its provisions, including, for example, fines of up to EUR 15,000,000 or 15 per cent. of total annual turnover for legal persons and up to EUR 5,000,000 for natural persons who breach the prohibitions against market manipulation and insider dealing.

Whilst many of the delegated regulatory standards under MAR have come into effect at the same time as MAR, other delegated standards and guidelines are yet to be finalised and these are expected to be published.

### **The European Market Infrastructure Regulation**

On 16 August 2012, Regulation (EU) No 648/2012 (**EMIR**) came into force. EMIR introduces certain requirements in respect of derivative contracts, which apply to financial counterparties (**FCs**), such as investment firms, credit institutions, insurance companies, amongst others, and non-financial counterparties which are entities established in the EU that are not FCs. Eurobank is classified as an FC under EMIR. Broadly, EMIR's requirements in respect of derivative contracts, as they apply to FCs, are: (i) mandatory clearing of OTC derivative contracts declared subject to the clearing obligation through an authorised or recognised CCP; (ii) the implementation of risk mitigation techniques in respect of uncleared OTC derivative contracts such as mandatory margining requirements, timely confirmation, portfolio reconciliation and compression and dispute resolution to any uncleared OTC derivatives contracts which it enters into; and (iii) reporting and record-keeping requirements in respect of all derivative contracts, in particular reporting of certain information about the derivative contracts which it enters into, modifies or terminates, to a trade repository registered or recognised under EMIR and record-keeping of any derivative contracts it has concluded and any modification thereto for at least five years following the termination of the contract.

Eurobank has taken measures to comply with the EMIR requirements that are currently in force.

## **Payment Services and Single Euro Payments Area**

### ***Payment Services***

Greece has transposed Directive 2007/64/EC on payment services, also known as the Payment Services Directive (the **PSD**) pursuant to Law 3862/2010, requiring every payment service provider, such as the Issuer, to ensure in an accessible form a minimum level of information and transparency regarding the provided payment services, under the terms and conditions set forth in such law. Law 3862/2010 also provides further protection regarding the rights of the users of the payment services, while it only applies where both the payer's payment service provider and the payee's payment service provider are located in the EU, with the exception of the provision regarding the value date of the transaction.

On 24 July 2013, the European Commission published a proposal for a directive of the European Parliament and of the Council "on payment services in the internal market and amending Directives 2002/65/EC, 2013/36/EU and 2009/110/EC and repealing Directive 2007/64/EC", which intended to incorporate and repeal the PSD. On 23 December 2015, the Directive 2015/2366/EU (the **PSD2**) was published in the Official Journal of the European Union. The PSD2 is expected to improve the functioning of the internal market for payment services and more broadly for all goods and services given the need for innovative, efficient and secure means of payments. The PSD2 entered into force on 12 January 2016 and EU Member States are required to transpose the same into national law by 13 January 2018. The PSD is repealed with effect from 13 January 2018.

On 24 July 2013, the European Commission also published a proposal for a Regulation on interchange fees for card-based payment transactions which led to the adoption on 29 April 2015 of Regulation EU 2015/751 of the European Parliament and of the Council on interchange fees for card-based payment transactions.

PSD2 has been transposed into national legislation by Law 4537/2018.

### ***Single Euro Payments Area ("SEPA")***

Regulation EC 2560/2001 on cross-border payments in euro laid the foundations of the SEPA policy by establishing the principle that banks are not permitted to impose different charges for domestic and cross-border payments or automated teller machine (**ATM**) withdrawals within the EU. After the publication of PSD and prior to the issuance of Law 3862/2010, Regulation 924/2009/EC on cross-border payments in the European Community (which repealed Regulation 2560/2001/EC) entered into force on 1 November 2009, introduced additional provisions, which further promoted EU financial integration in general and SEPA implementation in particular, and reduced significantly the charges payable by consumers and other payment service users for regulated payment services, such as credit transfers, direct debits, cash withdrawals and money remittance. Regulation 924/2009/EC applies to payments in euro in all EU member States.

Regulation 924/2009/EC has been amended by Regulation 260/2012/EU, which is also known as the SEPA (migration) Regulation. The SEPA Regulation established technical and business requirements for credit transfers and direct debits in euro. According to its transitional provisions, credit transfers and direct debits shall be carried out in accordance with the relevant requirements set out in it by 1 February 2014, subject to certain limited exemptions mentioned in such regulation. Regulation 248/2014 amended the SEPA Regulation and introduced a transition period of six months – until 1 August 2014 – to ensure minimal disruption for consumers and businesses; Member States apply the rules on the penalties applicable to infringements of the articles of the SEPA Regulation from 2 August 2014. In non-euro countries, the provisions of the SEPA Regulation became effective as of 31 October 2016. Effectively, this means that as at these dates, existing national euro credit transfer and direct debit schemes were replaced by SEPA Credit transfer and SEPA Direct Debit schemes,



which comply with the technical requirements detailed in the SEPA Regulation. The currency of the funds exchanged through such schemes is also euro.

Full compliance with the SEPA Regulation is expected to lead to more streamlined internal processes, lower IT costs, reduced costs based on bank charges, a consolidated number of bank accounts and cash management systems, and more efficiency and integration of any organisation's payment business.

On 24 November 2016, the European Payments Council (the **EPC**) published version 3 of the SEPA Credit Transfer (the **SCT**) and SEPA Direct Debit (the **SDD**) clarification paper, which addressed operational aspects related to the SCT and SDD schemes. The paper sought to ensure consistent implementation of the SCT and SDD rulebooks by payment services providers participating in the schemes. The paper provided guidance and, where feasible, recommendations to scheme participants on how to handle situations that are not described in the rulebooks and it applies only to the sets of SEPA scheme rulebooks that are effective until 19 November 2017.

On 19 November 2017, the 2017 SEPA Credit Transfer (SCT) rulebook version 1.1 took effect, although the SCT inquiry procedures will only enter into force as of 17 November 2019. Based on such rulebook version the SCT Scheme Interbank Implementation Guidelines 2017 were issued, setting out the SEPA rules for implementing the interbank ISO 20022 XML message standards. An updated version of such guidelines (2017 v1.1) was published on 14 November 2017 and will become effective as from 18 November 2018.

Finally, the European Payments Council is expected to publish the Mobile Contactless SEPA Card Payments Implementation Interoperability Guidelines, following the end of the relevant public consultation period on 26 January 2018.

### **Subsidised Loans**

In the Hellenic Republic, subsidies are available to borrowers in respect of interest payments made under residential mortgage loans. The availability and amount of a subsidy is determined by reference to the financial and social circumstances of a borrower and is made available from the Greek State and/or the Greek Workers Housing Association (**OEK**). In accordance with article 35 of Greek law 4144/2013, the Manpower Employment Organisation (**OAED**) became successor of both the **OEK** and the Greek Workers Housing Organisation (**OEE**) and acquired every right and obligation thereof. As of 14 February 2012, OEK and OEE ceased to exist pursuant to article 1 paragraph 6 of Greek law 4046/2012. Assets, liabilities and any kind of pending cases since the entry into force of Greek law 4144/2013 were transferred from those legal persons to OAED.

In particular, regarding loans granted by virtue of Greek law 1641/1986, as in force, in respect of which exclusively OEK made payment of the subsidised interest amount, OAED shall continue the payments thereof (as a universal successor of OEK).

Borrowers are liable to repay the full amount of interest due under the relevant Loan. If the Greek State and/or OAED fails to pay any subsidised interest amounts then the Borrower may be unable to meet payments due under their Loan.

By virtue of article 55 of Greek Law 4305/2014 the Borrower could file a petition for the extension of its OAED Subsidised Loans provided that at the date of such petition the amount of any due payments that remain unpaid did not exceed the aggregate of six monthly instalments. The period set by the abovementioned provision for the filing of such petition was within six months from the publication of Greek Law 4305/2014 which took effect on 31 October 2014 but such period was extended until 31 December 2015 by virtue of the joint ministerial decision of the Minister of Finance, Infrastructure, Development and Tourism and the Minister of Labour Social Security and Social Solidarity under

number 19068/819/4-5-2015 and then further extended until 31 December 2016 by virtue of the joint ministerial decision of the Minister of Finance, Development and Tourism and the Minister of Labour, Social Security and Social Solidarity under number 21559/732/2016. Also, ministerial decision of the Minister of Labour, Social Security and Social Solidarity under number 52246/3173/26/1/2018 allows eligible borrowers of loans funded by own funds of OEK to restructure such loans and specifically to restructure the amount of the loan, the repayment of capital, interest on capital, capitalised interest, default interest and the term of the loan.

### **Consumer Protection**

Credit institutions in Greece are also subject to legislation that seeks to protect consumers from abusive terms and conditions, most notably Law 2251/1994, as in force. Such legislation sets forth rules on the marketing and advertisement of consumer financial services, prohibits unfair and misleading commercial practices and includes penalties for violations of such rules and prohibitions. Law 2251/1994 has been significantly amended by Law 4512/2018 and codified by Ministerial Decision no. 5338/2018. The relevant amendments, including, amongst others, definition of consumer (which may only include natural persons), the protection afforded to very small businesses and in the framework related to e-commerce, took on 17 March 2018. However, the above mentioned amendments only apply with regard to contracts entered into after 17 March 2018 (i.e. the date on which the provisions of Law 4512/2018 amending Law 2251/1994 shall become effective). Old contracts are not affected by the introduced amendments.

At the same time, numerous consumer protection issues are regulated through administrative acts, such as Decision No. Z1-798/2008 of the Minister of Development on the prohibition of general terms which have been found to be abusive by final court decisions (as amended by Decisions Z1-21/2011 and Z1-74/2011 of the Deputy Minister of Labor and Social Insurance). Also, the Governor of the Bank of Greece Act No. 2501/2002, as amended and supplemented, includes certain disclosure obligations relating to the provision of banking services by credit institutions.

Joint Ministerial Decision Z1-699/2010 transposed into Greek law Directive 2008/48/EC of the European Parliament and of the Council on credit agreements for consumers and repealing Council Directive 87/102/EEC, as amended and in force. Joint Ministerial Decision Z1-699/2010 provides for increased consumer protection in the context of consumer credit transactions and prescribes, among others, the inclusion of standard information in advertising and the provision of pre-contractual and contractual information to consumers.

Joint Ministerial Decision Z1-699/2010 has been amended by Joint Ministerial Decision Z1-111/2012, which, among others, transposed into Greek law Directive 2011/90/EU as of 1 January 2013 and introduced additional criteria for the calculation of the real total annual interest rate.

In 2013, Greece also transposed Directive 2011/83/EU on consumer protection pursuant to Joint Ministerial Decision Z1-891/2013, which amended Law 2251/1994 in many respects. Such decision, as amended and supplemented by Ministerial Decision 27764/2014, entered into force on 13 June 2014 and applies to consumer contracts entered into after that date.

In addition, Ministerial Decision 56885/2014 set a code of conduct for the protection of consumers during sales, offer periods and promotional actions while Joint Ministerial Decision 70330/2015 transposed into Greek law Directive 2013/11/EU on alternative dispute resolution for consumer disputes and introduced supplementary measures for the application of Regulation EU 524/2013 on online dispute resolution for consumer disputes and Ministerial Decision 5921/2015 (which entered into force on 19 January 2015) sets out the terms and the procedure for mediation of the consumer ombudsmen between credit institutions and debtors pursuant to the provisions of the Code of Conduct.

Finally, Presidential Decree No. 10/2017 introduced the “Code of Consumer Conduct” and set the principles to be applied to trade and the trading relations between suppliers and consumers and their associations and Ministerial Decision 31619/2017 introduced the "Code of Consumer Conduct for E-Commerce".

### **EU General Data Protection Regulation**

Regulation (EU) No. 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (also known as the EU General Data Protection Regulation or the **GDPR**) represents a new legal framework for the data protection in the EU. It will directly apply in all EU member states from 25 May 2018 and will replace the current EU and Greek data privacy laws. Although a number of basic existing principles will remain the same, the GDPR introduces new obligations on data controllers and enhanced rights for data subjects.

The GDPR applies to organisations located within the EU but it also extends to organisations located outside of the EU if they offer goods and/or services to EU data subjects. Regulators have unprecedented power to impose administrative fines and penalties for a breach of obligations under the GDPR, including fines for serious breaches of up to 4 per cent. of the total worldwide annual turnover of the preceding financial year or €20 million and fines of up to 2 per cent. of the total worldwide annual turnover of the preceding financial year or €10 million for other specified infringements. The GDPR identifies a list of points to consider when imposing fines (including the nature, gravity and duration of the infringement).

In Greece, there is still no statute that would implement and/or make use of the derogations allowed by the GDPR enacted by the Parliament (although a draft bill has been subject to a very short public consultation) and there is very little guidance as to how the Hellenic Data Protection Authority will enforce the GDPR. However, the Issuer has taken measures to comply with the GDPR requirements.

### **Prohibition of Money Laundering and Terrorist Financing**

Greece, as a member of the Financial Action Task Force (**FATF**) and as a Member State of the EU, fully complies with FATF recommendations and the relevant EU legal framework. Directive 2005/60/EC of the European Parliament and of the Council and Commission and Directive 2006/70/EC were transposed into Greek law by virtue of Law 3691/2008, as in force. Moreover, the International Convention for the Suppression of the Financing of Terrorism was ratified pursuant to Law 3034/2002.

In 2012, the FATF recommendations were revised to strengthen the requirements for higher risk situations, and to allow financial institutions to take a more focused approach in areas where high risks remain or implementation could be enhanced. According to the recommendations, banks should first identify, assess and understand the risks of money laundering and terrorist finance, and then adopt appropriate measures to mitigate the risk. The risk-based approach allows them, within the framework of the FATF requirements, to adopt a more flexible set of measures, in order to target their resources more effectively and apply preventive measures that are commensurate to the nature of risks, in order to focus their efforts in the most effective way.

In view of the above, the Bank of Greece issued Governor's Act 2652/29.2.2012 and Decision 94/23/15.11.2013 of the Credit and Insurance Affairs Committee amending Decision 281/5/2009, as well as Decisions 95/10/22.11.2013 and 108/4.4.2014 amending Bank of Greece Governor's Act 2651/2012, which further strengthen the regulatory framework within which the supervised entities in Greece operate. The amendments mainly harmonise the applicable regulations to the revised FATF recommendations. In particular, the amendments introduce criteria for high risk customers as well as the use of simplified due diligence for electronic money transactions. They also impose additional

obligations for suspicious transactions reporting to the supervised banks, pertaining to the cross-border transfer of funds as well as data on high-risk banking products and customers.

Furthermore, the Bank of Greece has issued a number of enabling acts which reflect the obligations imposed by the European Regulation 1781/2006 "on information on the payer accompanying transfers of funds".

On 20 May 2015, the European Parliament and the Council adopted (i) Directive 2015/849/EU (required to be transposed into national law on or before 26 June 2017) on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation EU No. 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC and (ii) Regulation EU 2015/847 (which will come into force on 26 June 2017) on information accompanying transfers of funds and repealing Regulation EC No 1781/2006. In view of that, the relevant provisions of Greek law mentioned above will need to be amended or replaced in the future accordingly to be in line with the recently adopted European legislation.

On 5 July 2016, the European Commission published a proposal for a Directive of the European Parliament and of the Council amending Directive 2015/849/EU. This proposal sets out a series of measures to better counter the financing of terrorism and to ensure increased transparency of financial transactions and of corporate entities under the preventive legal framework in place. On 19 December 2017, a proposal for a Directive of the European Parliament and of the Council amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directive 2009/101/EC was submitted to the Permanent Representatives Committee of the Council of the EU. On 30 August 2018 the Commission Delegated Regulation (EU) 2018/1108 of 7 May 2018 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council with regulatory technical standards on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions came into effect.

Directive (EU) 2015/849 was transposed into Greek law by Law 4557/2018.

Finally, the Group has put in processes to procure compliance with the "USA PATRIOT Act" of 2001, as in force, which includes provisions relating to banks and financial institutions with respect to money laundering worldwide.

## **Other Laws and Regulations Governing Banks in Greece**

### **The Hellenic Republic Bank Support Plan**

The Hellenic Republic Bank Support Plan comprised the following three pillars, each of which is summarised below:

Pillar I: Up to €5 billion in non-dilutive capital designed to increase Tier I ratios. The capital takes the form of preference shares with a 10 per cent. fixed return. The fixed return is payable in any case, unless either article 44a of Law 2190/1920 applies or payment of the relevant amount would result in the reduction of the Core Tier I capital of the participating bank below the prescribed minimum level. The issue price of the preference shares must be the nominal value of the common shares of the last issue of each participating bank. The preference shares are redeemable at their issue price either within five years from the date of their issue or, at the election of a participating bank, earlier with the approval of the Bank of Greece, against Greek Government bonds of equal value or cash of equal value. At the time the preference shares are redeemed for Greek Government bonds, the nominal value of the bonds must be equal to the initial nominal value of the bonds used for the subscription of the preference shares. Moreover, the bonds should mature on the redemption date of the preference

shares or within a period of up to three months from such date. In addition, on the redemption date of the preference shares, the market price of the Greek Government bonds should be equal to their nominal value. If this is not the case, then any difference between their market value and their nominal value shall be settled by payment in cash between the participating bank and the Hellenic Republic. On the date of redemption, the fixed dividend return of 10 per cent. will also be paid to the Hellenic Republic. In case they are not redeemed within five years from their issue or no decision has been adopted by the participating bank's general meeting of shareholders on redemption, the Minister of Finance shall impose, pursuant to a recommendation by the Bank of Greece, a cumulative increase of 2 per cent. per year on the 10 per cent. fixed return. Pursuant to a decision by the Minister of Finance, following a recommendation by the Governor of the Bank of Greece, the participating banks will be required to convert the preference shares into ordinary shares or another existing class of shares if redemption is not possible due to noncompliance by the participating bank with the minimum capital adequacy requirements set by the Bank of Greece. The conversion ratio will be determined by virtue of the above decision of the Minister of Finance and will take into account the average market price of the participating bank's ordinary shares during the calendar year preceding such conversion. Furthermore, pursuant to the recent amendment of article 1 of Law 3723/2008 by the provisions of article 80 of Law 4484/2017 (Government Gazette A' 110, 1 August 2017), the redemption of the preference shares in whole or in part is allowed, in consideration for cash or Tier II capital instruments as defined in Regulation (EU) 575/2013, or a combination thereof, after the expiration of the five-year period and irrespective of the reasons referred to in article 1 par. 1 of Law 3723/2008, subject to the receipt of the supervisory authority's consent and provided that in case of issuance of Tier II capital instruments the following conditions are satisfied:

- (a) their nominal value should be calculated on the basis of the initial offer price of the preference shares;
- (b) their features should satisfy the conditions of Regulation (EU) 575/2013 applicable to Tier II instruments, and especially article 63 thereof,
- (c) they have a maturity of ten years and the issuer has an option, exercisable solely at the issuer's sole discretion, to call or redeem or repurchase or early repay the instruments after five years from their issuance with the approval of the regulatory authority;
- (d) they may be early repaid prior to five years from their issue date subject to approval by the regulatory authority and provided a tax event or a regulatory event, as defined in article 78 par. 4 of Regulation 575/2013, has occurred;
- (e) their repayment after five years from their issue date and until maturity, as well as in the circumstances contemplated in (d) above, shall be made at their nominal value;
- (f) upon redemption or early repayment of the instruments, accrued interest thereon in respect of the relevant interest period shall always be payable;
- (g) their nominal interest rate (coupon) shall be fixed and interest shall be payable semi-annually at the last day of the sixth and twelfth month each year. In relation to the first payment, the interest rate is calculated by reference to the time period remaining until the end of the earlier of any of the above dates, if it is less than six (6) months;
- (h) the interest rate is calculated on the basis of the average yield of the 10-year reference bond of the Hellenic Republic at the first fifteen (15) days of June 2017 plus fifty (50) basis points and cannot be lower than 6 per cent.; and
- (i) they will be freely transferable and may be listed on a regulated market.

The request to redeem the preference shares in accordance with the above-mentioned conditions is submitted to the Minister of Finance, who issues a relevant decision in compliance with the E.U. state-aid rules. If the redemption is made through an exchange with Tier II capital instruments, an agreement signed between the Minister of Finance and the Issuer is entered into to provide for, among others, the specific terms of such instruments, and any other detail relevant to the above transaction. Pillar I ceased to apply as of 1 January 2014.

Pillar II: Up to €85 billion in Hellenic Republic guarantees. These guarantees are in respect of new borrowings by all participating banks (excluding interbank borrowings) concluded through 30 November 2018 (whether in the form of debt instruments or otherwise) and with a maturity ranging from three months to three years. These guarantees are granted to participating banks that meet the minimum capital adequacy requirements set by the Bank of Greece as well as criteria set out in Decision 54201/B2884/2008 of the Minister of Finance, as subsequently amended, regarding capital adequacy, market share size and the maturity of liabilities and share of the mortgage and SME lending market. The terms under which guarantees are granted to participating banks are included in Decisions 2/5121/2009, 29850/B1465/2010 and 5209/B237/2012 of the Minister of Finance.

Pillar III: Up to €8 billion in debt instruments. These debt instruments have maturities of less than three years and were issuable by the Greek Public Debt Management Agency (the **PDMA**) until 30 June 2015 to participating banks meeting the minimum capital adequacy requirements set by the Bank of Greece. The debt instruments bear no interest and were issued at their nominal value in denominations of €1 million. They were issued by virtue of a bilateral agreement executed between the participating bank and the PDMA. At the applicable termination date of the bilateral agreement (irrespective of the maturity date of the debt instruments) or at the date Law 3723/2008 ceases to apply to a bank, the debt instruments must be repaid. The participating banks must use the debt instruments received only as collateral for refinancing, in connection with fixed facilities from the ECB, and/or for purposes of interbank financing. The proceeds of liquidation of such instruments must be used to finance mortgage loans and loans to SMEs on competitive terms.

Law 3723/2008, as in force, provides for the appointment of a director designated by the Greek state in those of the participating banks that have used and continue to use either the capital (Pillar I) or guarantee (Pillar II) facilities. Such director has veto power over certain corporate decisions at the board level pertaining to directors and senior management compensation and dividend policy, as well as regarding matters of strategic importance or which may materially change the financial and legal standing and require approval by the general meeting of the participating banks' shareholders. This director, however, may only use his or her veto power following a decision of the Minister of Finance or if he or she considers that the relevant corporate decisions may jeopardise the interests of depositors or materially affect the solvency and orderly operation of the participating bank. In addition, participating banks are required to limit maximum executive compensation to that of the Governor of the Bank of Greece, and must not pay bonuses to senior management as long as they participate in the Hellenic Republic Bank Support Plan. Also, during that period, dividend payouts for those banks will be limited to up to 35 per cent. of distributable profits of the participating bank (at the parent company level). According to Law 3756/2009 and subsequent legislation, participating banks may only distribute dividends to holders of ordinary shares exclusively in the form of ordinary shares in relation to financial years 2008-2013, which must not be from treasury shares, and may not purchase treasury shares.

Further, participating banks are obliged not to pursue aggressive commercial strategies, including advertising the support they receive from the plan, in an attempt to compete favourably against competitors that do not enjoy the same support. Participating banks are also obliged to avoid expanding their activities or pursuing other aims, in such a way that would lead to unjustifiable distortions of competition. To this end, the participating banks must ensure that the mean growth rate of their assets on a yearly basis will not exceed the highest of the following ratios:

- i. the Hellenic Republic's nominal GDP growth rate for the preceding year;
- ii. the mean annual asset growth rate of the banking sector during the 1987–2007 period; or
- iii. the mean annual asset growth rate of the EU banking sector during the past six months.

To oversee the implementation and regulation of the Hellenic Republic Bank Support Plan, Law 3723/2008 provided for the establishment of a supervision council (the **Council**). The Council is chaired by the Minister of Finance. Members currently include the Governor of the Bank of Greece, the Deputy Minister of Finance (who is responsible for the Greek General Accounting Office) and the government-appointed directors of each of the participating banks. The Council convenes on a monthly basis and has a mandate to supervise the correct and effective implementation of the Hellenic Republic Bank Support Plan and to ensure that the resulting liquidity is used for the benefit of the depositors, the borrowers and the Greek economy overall. Participating banks that fail to comply with the terms of the Hellenic Republic Bank Support Plan will be subject to certain sanctions, and the liquidity and guarantees provided to them may be revoked in whole or in part.

### **Monitoring Trustees**

The Memorandum of Economic and Financial Policies (**MEFP**) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund and the European Central Bank provides for the appointment of a monitoring trustee in all banks under State Aid.

Grant Thornton S.A. was appointed as the Issuer's Monitoring Trustee (**MT**) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the commitments on corporate governance and commercial operational practices that have expired on 30 June 2018 and the implementation of the restructuring plan and reports to the European Commission.

### **The Commitments**

In April 2014, the Issuer's Restructuring Plan was approved pursuant to Decision C (2014)2993 of the European Commission "on THE STATE AID SA.34825 (2012/C), SA.34825 (2014/NN), SA.36006 (2013/NN), SA.34488 (2012/C) (ex2012/NN), SA.31155 (2013/C) (2013/NN) (ex2010/N)" implemented by Greece for the Group (the **State Aid Decision**). Pursuant to the State Aid Decision, the Hellenic Republic has undertaken the Commitments that are binding upon the Issuer. In the context of the 2015 recapitalisation process, the Restructuring Plan was revised and approved by the European Commission. In addition to the amendment and extension of the mandate of the Issuer's Monitoring Trustee, the revised Commitments that currently apply include the following:

- the reduction of the Issuer's cost of deposits collected in Greece (including savings, sight and term deposits and other similar products offered to customers and the costs of which are borne by the Issuer) with expiry 31 December 2018; and
- the reduction of the net loan to deposit ratio for the Issuer's Greek banking activities to no higher than 115 per cent. by 31 December 2018.

The text of the European Commission approval of the Issuer's Revised Restructuring Plan and of the decision for granting of new aid, including the Commitments, is available on the website of the European Union at:

[http://ec.europa.eu/competition/state\\_aid/cases/261237/261237\\_1741638\\_113\\_2.pdf](http://ec.europa.eu/competition/state_aid/cases/261237/261237_1741638_113_2.pdf)

The website of the European Union and the information contained therein are not part of this Base Prospectus.

### **The Relationship Framework Agreement**

Following completion of the Issuer's share capital increase in May 2014, fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23 per cent. to 35.41 per cent. and the HFSF and the Issuer entered into a new relationship framework agreement on 26 August 2014, which replaced the initial relationship framework agreement of 12 July 2013.

Following the completion of the Issuer's share capital increase in November 2015 fully covered by investors, institutional and other, the percentage of the ordinary shares with voting rights held by the HFSF decreased further from 35.41 per cent. to 2.38 per cent. Pursuant to Law 3864/2010 (the **HFSF Law**), as in force, on 4 December 2015, the Issuer and the HFSF entered into a relationship framework agreement (**RFA**) replacing the previous one that was signed on 26 August 2014.

The RFA regulates, among others, (a) the corporate governance of the Issuer, (b) the Restructuring Plan and its monitoring, (c) the monitoring of the implementation of the Issuer's non-performing loan management framework and of the Issuer's performance on non-performing loan resolution. Furthermore, it deals with (d) the Material Obligations and the switch to full voting rights, (e) monitoring of the Issuer's actual risk profile against the approved Risk and Capital Strategy (f) the HFSF's prior written consent for the Issuer's Group Risk and Capital Strategy and for the Issuer's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans, and (g) the duties, rights and obligations of HFSF's Representative in the Board.

The RFA and the applicable HFSF Law do not preclude, reduce or impair the Issuer's management to continue to determine independently, among others, the Issuer's commercial strategy and policy in compliance with the Restructuring Plan and the decisions on the day-to-day operations.

According to HFSF Law, the HFSF has the following rights:

- restricted voting rights in the Issuer's General Meetings; under this framework, the HFSF exercises its full voting rights in the General Meetings only for decisions concerning the amendments of the Issuer's Articles of Association, including the increase or reduction of the capital or the corresponding authorisation to the Board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Issuer, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in the Greek Law on Sociétés Anonymes;
- the right to be represented with one (1) member in the Board of Directors;
- the right to preferential reimbursement, in priority to all other shareholders, from the proceeds of the Issuer's liquidation, in the event the Issuer is liquidated;
- free access to the Issuer's books and records for the purposes of HFSF Law, with executives or consultants of its choice;
- the responsibility to perform, assisted by an independent consultant of international reputation, evaluation of the Issuer's corporate governance framework, Board and Committees, as well as their members, in accordance with HFSF Law provisions;



- the right to approve the Restructuring Plan or any amendment on it before its submission by the Ministry of Finance to the European Commission for approval. HFSF also monitors and reviews the performance of the Restructuring Plan's implementation;
- the shareholding rights from the transfer to the HFSF of the common shares or partnership shares of credit institutions in accordance with Greek law 4172/2013, as per the rules for the management of the assets of the HFSF and the EU rules on state aid and competition; and
- the voting rights from the participation of agencies of the General Government to the share capital of credit institutions, the exercise of such rights being granted to the HFSF either by legislative or regulatory provisions or by decision of the competent management body of said agencies.

Furthermore, HFSF's representative, according to the provisions of HFSF Law, has the right to:

- request the convocation of the Shareholders' General Meeting;
- request the convocation of the Board;
- veto any resolution of the Board (i) related to dividend distributions, the remuneration policy and the additional benefits (bonus) of Board members, of General Managers or of those to whom have been assigned the duties of a General Manager as well as of their deputies (ii) which may jeopardise depositors' interests or materially affect liquidity, solvency or, in general, the prudent and orderly operation of the Issuer (such as business strategy and asset/liability management etc.) or (iii) concerning corporate actions resulting in the amendments of the Issuer's Articles of Association, including the increase or reduction of the capital or the corresponding authorisation to the Board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the Issuer, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in the Greek Law on Sociétés Anonymes which may materially impact HFSF's participation in the Issuer's share capital;
- request the postponement of a Board meeting or the discussion of any item for up to three (3) business days so as to receive HFSF's Executive Board's instructions; and
- approve the Chief Financial Officer (**CFO**) of the Issuer.

In exercising these rights, the HFSF representative should take into account the business autonomy of the Issuer.

Additional to the rights provided for in HFSF Law, according to the RFA provisions, the HFSF has the right to:

- appoint HFSF's representative as member in Audit, Risk, Nomination and Remuneration Committees;
- appoint an observer in the Board and in the Audit, Risk, Nomination and Remuneration Committees with no voting rights;
- review the annual Board and the Committees' self-assessment for the purpose of identifying weaknesses and improving working methods and effectiveness; and
- monitor the implementation of the Issuer's non-performing loan management framework and of the Issuer's performance on non-performing loans resolution.

The HFSF's representative, according to the RFA provisions, has the additional right to:

- participate in the Audit, Risk, Remuneration and Nomination Committees;
- request the convocation of the Board Committees he participates;
- include items on the agenda of the General Meetings, the Board and the Audit, Risk, Nomination and Remuneration Committees meetings;
- request the postponement of a Board meeting in case the notification for the date of a Board meeting, including the agenda and the relevant material, data or information and all supporting documents with respect to the items of the agenda, are not sent at least three business days prior to the Board Meeting;
- request an adjournment of any Board meeting or the discussion of any item up to three business days, if it finds that the material, data or information and the supporting documents submitted to the HFSF pursuant to the items of the agenda of the forthcoming Board meeting are not sufficient; and
- veto any decision related to any other veto right each time provided by the HFSF Law.

### **The HFSF**

The First Economic Adjustment Programme required the establishment of the HFSF, funded by the Greek government out of the resources made available by the IMF and the EU, to ensure adequate capitalisation of the Greek banking system. The HFSF was established in July 2010 pursuant to Law 3864/2010 as a private law entity, with the initial objective of helping to maintain the stability of the Greek banking system by providing capital support to credit institutions established in Greece and meeting certain eligibility criteria. The scope, governance, terms, conditions and processes for the provision of capital support by the HFSF under Law 3864/2010 was amended in 2011, 2012, 2013, 2014, 2015, 2016, 2017 and most recently in 2018 (pursuant to Law 4537/2018 and 4549/2018), as well as the type of such support establishing the new recapitalisation framework.

### **Scope**

The HFSF is established as a private law entity, with the objective of contributing to the maintenance of the stability of the Greek banking system for the sake of public interest, with the HFSF acting in line with the commitments of the Hellenic Republic under Law 4046/2012 relating to the Second Economic Adjustment Programme and Law 4336/2015 relating to the Third Economic Adjustment Programme.

In pursuing its objective, the HFSF:

- provides capital support to licensed credit institutions operating in Greece (including cooperative banks, branches of Greek credit institutions operating outside of Greece and branches of Greek subsidiaries of international credit institutions in Greece) in compliance with Law 3864/2010 and the EU state aid rules;
- monitors and assesses how credit institutions that have received capital support from the HFSF comply with their restructuring plans, safeguarding at the same time their business autonomy. The HFSF ensures that such credit institutions operate on market terms such that the participation of private investors therein in a transparent manner is promoted and the state aid rules are complied with;

- exercises its rights as shareholder deriving from its participation in the credit institutions that have received capital support from the HFSF, as such rights are set forth in Law 3864/2010 and in relationship framework agreements entered into with such credit institutions, in accordance with art. 6 par. 4 of the Law 3864/2010, in compliance with rules serving the prudent management of the HFSF's assets and the EU rules with respect to state aid and competition;
- disposes of, in whole or in part, the financial instruments issued by the credit institutions in which it participates, according to the provisions of article 8 of Law 3864/2010;
- grants loans to the HDIGF for resolution purposes in accordance with article 16 of Law 3864/2010;
- facilitates the management of non-performing loans of credit institutions; and
- enters into relationship framework agreements in accordance with art. 6 par. 4 of the Law 3864/2010 (and amends, as the case may be, relationship framework agreements already in place) with the credit institutions receiving (or having received) financial assistance from the EFSF and the ESM in order to ensure the implementation of its objectives and the exercise of its rights for as long as it holds equity or other capital instruments of such institution or it monitors the implementation of the restructuring plan of such credit institutions.

The HFSF's purpose is fulfilled in accordance with an integrated strategy for the banking sector and the management of non-performing loans that is agreed among the Ministry of Finance, the Bank of Greece and the HFSF. The short-term liquidity enhancement provided under the provisions of Law 3723/2008 or in the context of the operation of the Eurosystem and the Bank of Greece and the monitoring and review of acts and decisions of bodies of the special liquidation of credit institutions are expressly not included in the HFSF's scope.

The duration of the HFSF is set until 31 December 2022 and may be extended following a decision by the Minister of Finance, if it is necessary for the achievement of its objectives.

### ***Governance of the HFSF***

The HFSF is managed by two administrative bodies with decision making powers, namely the General Council and the Executive Committee. Given the HFSF's critical role, the recent amendments to Law 3864/2010 provided for the establishment of an independent, high profile selection committee to pre-select and remove the members of those two administrative bodies, determine their remuneration and the other terms of their mandate and assess their performance annually on the basis of criteria that it shall develop. The General Council, among others, monitors the compliance of the Executive Committee with the provisions of Law 3864/2010, as amended and in force, and resolves on issues of financial support to credit institutions the exercise of voting rights and the disposal of participations of the HFSF in credit institutions. The Executive Committee is in turn competent for the preparation of the task entrusted to HFSF, the application of the resolution of competent bodies and the implementation of acts required for the administration, operation and fulfilment of the HFSF's mission.

### **Funding**

Under Law 3864/2010, the HFSF is funded out of: (a) resources raised within the context of the EU's and the IMF's support mechanism for Greece by virtue of Law 3845/2010 and Law 4060/2012 and (b) resources raised pursuant to the FAFA. Such funds may be gradually paid by the Greek state and are evidenced by instruments which shall not be transferable until the expiry of the term of the HFSF.

The Minister of Finance may request the return of funds from the HFSF to the Greek state under the conditions of article 12 of Law 3864/2010.

Before the expiry of the HFSF's term or the initiation of its liquidation process, the Minister of Finance together with the EFSF and the ESM will determine the institution to receive HFSF's capital and assets (which must be independent from the Greek state as a legal person), as well as the way for such transfer. The EFSF's and ESM's economic and legal status must not be affected as a result of the transfer. If upon the expiration of the HFSF's term and before the initiation of its liquidation process, the HFSF has no obligations to the EFSF or the ESM and its assets are not burdened with security interests or other rights in favour of the EFSF or the ESM, HFSF's assets will be transferred to the Hellenic Republic by operation of law after the completion of its liquidation process.

### ***Powers of the HFSF***

Under Law 3864/2010, the HFSF has certain powers over the credit institutions receiving capital support from it which it exercises through a representative appointed in the board of directors of the relevant credit institution. Such representative has the right to:

- request convocation of a general meeting of the institution's shareholders;
- veto any decision at the board level: (i) regarding dividend distributions, the remuneration policy and the additional compensation (bonus) of Board members, of General Managers or of those to whom have been assigned the duties of General Manager and of their deputies; (ii) if the decision under discussion may jeopardise the interests of depositors or have a material adverse effect on the liquidity, solvency or, in general, the prudent and orderly operation of the credit institution (including its business strategy and the management of its assets and liabilities); or (iii) relating to corporate actions resulting in an amendment to the institution's articles of association, including resolutions relating to the increase or decrease of its share capital or the granting of a relevant authorisation to its board of directors, resolutions relating to mergers, divisions, conversions, revivals, extensions of the term or dissolution of the institution, resolutions relating to transfers of assets, (including the sale of subsidiaries) or resolutions with respect to any other matter requiring approval by an increased majority in accordance with the Greek Law on Sociétés Anonymes, to the extent such decision is likely to significantly affect HFSF's participation in the credit institution's share capital;
- request an adjournment of a board meeting for three business days in order to receive instructions from the Executive Committee of the HFSF;
- request convocation of a board meeting; and
- approve the appointment of the chief financial officer.

The HFSF has free access to all books and records of the credit institution for the purpose of exercising its rights.

Further to the recent legislative amendments, the HFSF is now empowered to assess the corporate governance framework of credit institutions with which a relationship framework agreement is in place. In this context, the HFSF shall: (i) assess the size, structure and the distribution of powers within the board of directors, board committees (as well as their members in order to ensure that the size and structure of such bodies and committees are appropriate) and, if necessary, any other committees of the credit institution on the basis of criteria that it will develop. The size and collective knowledge of the board of directors and the board committees must reflect the business model and the financial condition of the institution, and (ii) propose improvements and amendments to the institution's current corporate governance framework. Other than the criteria to be set by the HFSF,

Law 4340/2015 and Law 4346/2015 have introduced certain minimum requirements with respect to the size, the structure and the members of the boards of directors and the board committees of the credit institutions assessed. In particular, all members of such bodies and committees must (i) have a minimum of ten years of experience as senior executives in banking, auditing, risk management or management of risk-bearing assets (with three years of experience, with respect to the non-executive members, as a board members of a credit institution, a financial sector enterprise or an international financial institution), (ii) not serve or have been entrusted during the last four years with prominent public functions, such as heads of state or of government, senior politicians, senior government, judicial or military officials or prominent positions as senior executives of state owned corporations or political party officials, and (iii) has declared any economic connections with the credit institution prior to its appointment. In addition, the boards of directors must comprise at least: (i) three experts as independent non-executive directors, with sufficient knowledge and international experience of at least 15 years with financial institutions (of which at least three years as members of an international banking group which is not active in the Greek market) unrelated to any Greek credit institution during the past decade, which shall chair all board committees, and (ii) one member with at least five years of international experience and specialisation in risk or NPL management, who shall be responsible for NPL management at board level and shall chair any special board committee for NPL management.

If the HFSF assesses that the above criteria are not met, it will notify accordingly the board of directors of the institution concerned and as long as board of directors does not take necessary measures for the materialisation of the relevant proposals, the HFSF shall request the convocation of the general meeting of the shareholders in order to inform them and shall propose the necessary changes (which may even include the substitution of certain members). The assessment results are also communicated to the competent supervisory authorities. In case the general meeting does not agree within three months with HFSF's proposals for substitution, the HFSF will publish on its website within four weeks a report on the assessed credit institution, the assessment criteria used, the names of the institution's members not having met the criteria and the HFSF's proposals.

In the event of liquidation of a credit institution, the HFSF, in its capacity as a shareholder of such credit institution will be satisfied preferentially towards any other shareholders together with the Hellenic Republic as holder of preference shares.

***Cabinet Act 36 on the application of Law 3864/2010 (as amended by Law 4340/2015 and Law 4346/2015)***

***I. Means and allocation of capital support by the HFSF***

The means and allocation of capital support by the HFSF pursuant to Law 3864/2010 in the form of ordinary shares and contingent convertible securities, the conditions for the issuance of contingent convertible securities by credit institutions and the HFSF's subscription therefore, the terms of such securities and the conditions for the conversion of such securities have been determined by Cabinet Act No. 36 issued on 2 November 2015 (the **Cabinet Act 36**).

*Allocation of capital support of the HFSF*

In accordance with article 2 of Cabinet Act 36 the allocation of the HFSF participation in ordinary shares and convertible contingent securities is as follows:

- (a) If the HFSF provides capital support under article 7 of Law 3864/2010 and the credit institution receiving such support qualifies for the precautionary recapitalisation of article 32, par. 3(d), case (cc) of Law 4335/2015, such capital support is allocated as follows:
  - (i) 25 per cent. in ordinary shares; and

- (ii) 75 per cent. in contingent convertible securities;
- (b) If the HFSF provides capital support under article 7 of Law 3864/2010 after the imposition of the burden sharing measures of 6B of such law (measures of public financial stabilisation under article 56 of Law 4335/2015), such capital support is allocated as follows:
  - (i) in ordinary shares up to the amount required to cover losses which the credit institution has already incurred or may incur in the proximate future; and
  - (ii) for the remaining amount, which would correspond to precautionary recapitalisation, 25 per cent. in ordinary shares and 75 per cent. in contingent convertible securities.

### *Contingent Convertible Securities*

Contingent convertible securities issued to the HFSF by a credit institution pursuant to Law 3864/2010 and the Cabinet Act 36 are governed by Greek law, may be issued in a dematerialised form and, following an application by the HFSF, may be registered with the electronic registry of non-listed securities maintained by the ATHEX.

Pursuant to article 1, paragraph 2 of Cabinet Act 36, a credit institution may issue contingent convertible securities further to a decision of the general meeting of its shareholders prior to or after completion of the institution's share capital increase. From a regulatory treatment perspective the contingent convertible securities, will qualify as own funds whereas their exact classification will depend on the applicable legislation. The contingent convertible securities will be issued pursuant to a detailed programme which will include the following terms and conditions:

- (a) Each contingent convertible security has a nominal value of 100,000 Euros, is issued at par and is perpetual without a fixed repayment date.
- (b) The contingent convertible securities constitute direct, unsecured and subordinated investments in the credit institution ranking at all times *pari passu* without any preference amongst themselves. On a special liquidation of the credit institution the rights and claims of the holders of contingent convertible securities will rank:
  - (i) junior to all claims of all creditors (including all subordinated creditors), including but not limited to claims on the credit institution in respect of obligations which constitute Additional Tier 1 or Tier 2 Capital, but excluding parity obligations (**Senior Obligations**);
  - (ii) *pari passu* with the parity obligations, which consist in ordinary shares of the credit institution and any claims agreed to rank *pari passu* to the contingent convertible securities (**Parity Obligations**).

Holders of the contingent convertible securities will, upon a special liquidation of the credit institution prior to any conversion date, be entitled to a claim upon any residual assets of the credit institution (available for distribution after all Senior Obligations have been paid in full) for the nominal value of the contingent convertible securities, plus any accrued but unpaid interest.

Subject to applicable law, holders of the contingent convertible securities will have no right of set-off and will benefit from no security interest or guarantee that would enhance the seniority of their claim in special liquidation.

(c) If at any time the CET1 ratio (calculated on a consolidated basis or solo basis) falls below 7 per cent. (**Trigger Event**), the credit institution must:

(i) convert the contingent convertible securities by issuing to each holder conversion shares. The total number of conversion shares will be determined by dividing:

- 116 per cent. of the initial principal outstanding amount under the contingent convertible securities by
- the price per ordinary share as determined pursuant to the share capital increase of the credit institution (**Conversion Price**),

and the conversion shares issued to each holder of contingent convertible securities will be proportionate to the number of such securities held by the relevant holder (**Conversion Shares**);

(ii) arrange for the publication of a conversion notice to holders of contingent convertible securities, promptly and at the latest five days before the conversion date (which may not fall later than a month (or any earlier date requested by the ECB) after the occurrence of a Trigger Event (the **Conversion Date**). The conversion notice must inform holders of contingent convertible securities of the occurrence of the Trigger Event, the Conversion Date, the Conversion Price and any procedures for the delivery of the Conversion Shares to the holders of contingent convertible securities; and

(iii) promptly inform the ECB of the occurrence of the Trigger Event.

Once so converted, the contingent convertible securities will be cancelled and will not be reissued nor will their nominal amount be restored under any circumstances. The terms and conditions of the contingent convertible securities will include market standard provisions on adjustments to the Conversion Price in case of certain corporate actions.

(d) The contingent convertible securities will bear interest at (i) a rate of 8 per cent. per annum from and including the date of issue up to and including the seventh anniversary thereof and (ii) thereafter, if not repaid, at the applicable reset interest rate for each reset period, as determined pursuant to Cabinet Act 36.

The first reset period commences after the seventh anniversary and each successive reset period commences on the expiry of its preceding reset period and expires on its seventh anniversary.

Interest accrued will be payable on an annual basis on each interest payment date.

(e) The contingent convertible securities will automatically convert into ordinary shares if the credit institution does not pay, in whole or in part, interest accrued on two interest payment dates (which do not need to be consecutive). The holders of the contingent convertible securities will receive an amount of Conversion Shares derived pursuant to the calculation described in paragraph (c)(i) above.

(f) The credit institution may, at its absolute discretion, redeem all or some only of the contingent convertible securities at any time, at their initial par value plus any accrued and unpaid interest (but excluding any cancelled interest), subject to the conditions below:

- (i) the credit institution obtaining such approval or non-objection or waiver as required on the part of the ECB under the banking laws and regulations applicable at the relevant time; and
- (ii) payment of any obligations that must be repaid as a prerequisite to repayment or redemption, as may be required by the laws and regulations applicable at the relevant time.

Discretionary repayment of contingent convertible securities must be in cash. Holders of contingent convertible securities have no right to require the credit institution to repay such securities at any time but will have the right on the seventh anniversary to convert their securities into Conversion Shares, following which conversion they will receive a number of shares calculated as described in paragraph (c)(i) above.

- (g) Payment of interest, whether in whole or in part, lies entirely at the discretion of the board of directors of the credit institution, but if the board decides payment of interest, such interest will be paid in cash. Any interest elected not to be paid shall not accumulate.

The board of directors of the credit institution will have the option, at its absolute discretion, to pay interest in kind, by delivering ordinary shares of the credit institution which will be issued for such purpose and the number of which will be determined by reference to the amount of interest payable at the relevant interest payment date and the share price (determined pursuant to paragraph 11 of article 1 of the Cabinet Act 36). At the option of the board of directors, a share capital increase for these purposes may take effect automatically, without the need to comply with any further procedural and corporate requirements (including with respect to any waivers of existing shareholders' pre-emption rights).

- (h) No dividend shall be paid on the credit institution's ordinary shares if the credit institution has resolved not to make an interest payment to holders of contingent convertible securities at the immediately preceding interest payment date.
- (i) The terms and conditions of the contingent convertible securities must not provide for events of default. Accordingly, the holders of contingent convertible securities may only be able to enforce the terms and conditions of the contingent convertible securities only upon the liquidation process.
- (j) All payments are to be made free and clear of and without deduction or withholding for all taxes of the Hellenic Republic unless required by law. If so required, additional amounts will be payable by the credit institution subject to conventional limitations on such gross up.
- (k) If, in respect of a series of contingent convertible securities:
  - (i) a regulatory event occurs upon a change (or pending change which the ECB considers to be sufficiently certain) in the regulatory classification of the securities under the applicable capital regulations, as a result of which the entire nominal amount of the securities will cease to qualify as CET1 capital of the credit institution (on a consolidated basis or a solo basis); or
  - (ii) a tax event occurs, in case any change in, or amendment of, the laws or regulations of any taxing jurisdiction (or a change of such jurisdiction or taxing authority) including without limitation changes in the interpretation of such laws and regulations and changes in international tax treaties, resulting in the credit institution being obliged to pay holders any additional amounts, or not being able to claim a deduction of the payment of interest on the securities (or such deduction would be materially reduced)



or being obliged to account for a taxable credit in the event of a conversion of the securities,

and such event is continuing, the credit institution may substitute or modify the terms of all (but not some only) of the contingent convertible securities of such series, without any requirement for the consent or approval of the holders, so that they become or remain qualifying regulatory capital securities, within the meaning of par. 5 of article 2 of the Cabinet Act 36 on terms that may not be materially less favourable than the terms of the contingent convertible securities.

- (1) Transfer of contingent convertible securities is only permitted to another holder of contingent convertible securities with the consent of the credit institution (not to be unreasonably withheld) and the ECB.

## **II. Recapitalisation Framework Reform**

Set out below is a summary of the main terms under which capital support may be provided by the HFSF pursuant to Law 3864/2010, as amended by Law 4340/2015 and Law 4346/2015, to credit institutions licensed to operate in Greece. This summary does not discuss specific terms which are applicable to banking cooperatives and non-systemic banks.

*Process and Conditions for the Provision of Capital Support by the HFSF as Precautionary Recapitalisation (paragraph 3, indent (cc) of article 32 of Law 4335/2015, implementing article 32(4) of the BRRD) – Voluntary and Mandatory (burden-sharing) Measures:*

- (a) To receive capital support from the HFSF in accordance with Law 3864/2010, a credit institution should submit a relevant application to the HFSF up to an amount which is determined by the competent authority (within the meaning of article 4(40) of the CRR), after the observance of a detailed process described in article 6 of Law 3864/2010. Such process includes, inter alia:
  - (i) the carrying out of a viability assessment of the credit institution concerned by the competent authority for a period between three and five years on the basis of a restructuring plan (or an amended restructuring plan where there is an approved restructuring plan, in the case of a credit institution that has already received capital support from the HFSF) submitted by such credit institution;
  - (ii) the approval of such restructuring plan by the HFSF and the European Commission (with such amendments as may be requested by the HFSF and the European Commission); and
  - (iii) the publication of a Cabinet Act issued on the recommendation of the Bank of Greece ordering the implementation of the mandatory (burden-sharing) measures referred to below (article 6a of Law 3864/2010) and compliance with the EU state aid rules and the practices observed by the European Commission.
- (b) The restructuring plan or the amended restructuring plan, as the case may be, should describe, based on conservative estimations, the ways in which the credit institution will recover satisfactory profitability within the following three to five years. The restructuring plan or the amended restructuring plan should enumerate the voluntary measures to be undertaken by the credit institution concerned to resolve any capital shortfall.

Once the restructuring plan or the amended restructuring plan, as the case may be, is approved by the HFSF, it is forwarded to the Ministry of Finance for submission to the European

Commission for approval. Following the approval of the restructuring plan by the European Commission, and only after the Cabinet Act provided for in par. 1 of the amended article 6a of Law 3864/2010 has been issued, the HFSF provides its capital support in accordance with article 7 of Law 3864/2010, with the objective of minimising the need for state aid in compliance with the state aid rules of the European Union and the applicable practices of the European Commission. The HFSF monitors and evaluates the due implementation of the restructuring plan, as well as any amended restructuring plan, as the case may be, and is obliged to provide to the Ministry of Finance all necessary information for the purposes of ensuring that the European Commission is properly apprised of all developments. To fulfil this task, the HFSF and the relevant credit institution enter into a framework agreement in accordance with par. 4 of art. 6 of Law 3864/2010.

- (c) In the event that (i) the voluntary measures set out in the credit institution's restructuring plan or amended restructuring plan, as the case may be, are insufficient to cover its capital shortfall and (ii) there is a need to avoid significant side effects to the economy with adverse effects upon the public, and in order to ensure that the use of public funds remains the minimum necessary, the Cabinet, following a recommendation by the Bank of Greece, would issue an Act for the mandatory application of the measures provided for below (burden-sharing measures), aimed at allocating the residual amount of the capital shortfall of the credit institution to the holders of its capital instruments and other obligations, as may be deemed necessary.

Such allocation is completed upon publication of such Cabinet Act in the Government Gazette and made in the following order:

- (i) firstly, to ordinary shares;
- (ii) secondly, if needed, to preference shares and other CET1 capital instruments;
- (iii) thirdly, if needed, to Additional Tier 1 instruments;
- (iv) fourthly, if needed, to Tier 2 instruments;
- (v) fifthly, if needed, to all other subordinated obligations; and
- (vi) if needed, to unsecured senior liabilities non-preferred by mandatory provisions of law.

In case of conversion of the preference shares, issued in accordance with art. 1 of Law 3723/2008, into ordinary shares in accordance with article 6a of Law 3864/2010, the HFSF ipso jure acquires ownership of such ordinary shares. Also, the ordinary shares into which preference shares may be converted will have full voting rights. Such voting rights will be transferred to the HFSF as of conversion without any formalities being required.

Claims ranking *pari passu* would be treated equally, unless a deviation from this ranking and the principle of equal treatment may be justified when there are objective reasons to do so, as set out below.

- (d) The mandatory (burden-sharing) measures which may be ordered pursuant to the Cabinet Act mentioned above include:
- (i) the absorption of losses by the existing shareholders in order to ensure that the net asset value of the credit institution is equal to zero, where appropriate, pursuant to a

decrease of the nominal value of its shares following a decision of the competent corporate body of the credit institution;

- (ii) the decrease of the nominal value of preference shares and other capital instruments qualifying as CET1 capital and then, if needed, of the nominal value of Additional Tier 1 instruments and then, if needed, of the nominal value of Tier 2 instruments and other subordinated liabilities of the credit institution and, then, if needed, of the nominal value of unsecured senior liabilities non-preferred by mandatory provisions of law, in order to ensure that the net asset value of the credit institution is equal to zero; or
- (iii) if the net asset value of the credit institution is above zero, the conversion into ordinary shares of other CET1 instruments and, then, if needed, of Additional Tier 1 instruments and then, if needed, of Tier 2 instruments and then, if needed, other subordinated liabilities and, then if needed, of unsecured senior liabilities of the credit institution non-preferred by mandatory provisions of law, in order to restore the target level of the capital adequacy ratio of the credit institution prescribed by the competent authority.

In addition, the above measures may also concern:

- (i) any obligations undertaken through the provision of guarantees granted by such credit institution with regard to debt or equity instruments issued by legal entities included in the consolidated financial statements of the credit institution; and
  - (ii) any claims against the credit institution under loan agreements which are in force and entered into between the credit institution and the above legal entities.
- (e) The mandatory (burden-sharing) measures described above may not be ordered and implemented, whether in whole or in part with respect to specific instruments, provided that a positive decision of the European Commission in accordance with articles 107 to 109 of the Treaty on the Functioning of the European Union has been obtained and the Cabinet has ascertained, following recommendation by the Bank of Greece, that (i) such measures may jeopardise financial stability and (ii) the implementation of such measures may have disproportional effects, as it would be the case if the proposed capital support by the HFSF is low compared to the risk-weighted assets of the credit institution concerned and/or a significant portion of the credit institution's capital shortfall has been raised by private investors.

The final assessment of the above risks rests with the European Commission on a case-by-case basis.

These mandatory (burden-sharing) measures are considered to be, for the purposes of recapitalisation under Law 3864/2010, reorganisation measures pursuant to the definition in article 2 of the EU Directive 2001/24/EC, which was transposed into Greek law by Law 3458/2006.

- (f) The implementation of the voluntary or mandatory (bail-in) measures described above cannot, in any case:
  - (i) trigger contractual clauses which become effective upon liquidation, insolvency or the occurrence of any other event which may be classified as a credit default or event or lead to a breach of contractual obligations by the credit institution; or

- (ii) be treated as a breach of contract by the credit institution concerned in order to substantiate the early termination or nullity of any contract by the credit institution's counterparty.

Contractual clauses which are contrary to the above shall have no legal effects. The preceding paragraphs apply also in the case of insolvency or occurrence of an event of default against third parties by a member of the group, when this is due to the application of 6a of Law 3864/2010 on its claims against another member of the same group.

- (g) The holders of capital instruments or other liabilities of a credit institution, including unsecured senior liabilities non-preferred by mandatory provisions of law, who are the subject of the recapitalisation measures set forth in article 6a of Law 3864/2010 described above, must not, after the implementation of such measures, be in a worse financial position than if the credit institution had been placed under special liquidation (no creditor worse-off principle). In the event that such principle is not observed, such holders and beneficiaries would be entitled to compensation from the Greek state, provided that they prove that their damages arising from the implementation of the mandatory measures are higher than if the credit institution concerned was put under special liquidation. In any case, their compensation cannot be higher than the difference between the value of their claims after the implementation of the mandatory measures and the value of their claims if the credit institution concerned had been placed under special liquidation, as such value is determined in accordance with the valuation conducted by an independent valuator appointed by the Bank of Greece.
- (h) The Cabinet Act mentioned above will be published in the Greek Government Gazette, and a summary of such Cabinet Act will be published in the Official Journal of the European Union in Greek and two daily newspapers circulated throughout the territory of the Member State in which the credit institution has a branch or in which it directly provides cross-border banking and other financial services, in the official language of such Member State. Such summary will include the following information:
  - (i) the grounds and legal basis for issuing the Cabinet Act;
  - (ii) the judicial remedies which are available against the Cabinet Act and the deadline for seeking them; and
  - (iii) the competent courts before which the abovementioned judicial remedies may be sought.

The necessary details for the implementation of article 6a of Law 3864/2010 in relation to the adoption of the mandatory (burden-sharing) measures, including the process for the appointment of independent valutors, the content of the independent valuations and the proposal of the Bank of Greece, the methods for the calculation of capital instruments or other obligations that are converted, the possibility of change of the issuer of these securities, the method of implementing such conversions as well as details on any indemnification of the security holders will be set out in a Cabinet Act provided for in paragraph 11 of article 6a of Law 3864/2010.

*Process and Conditions for the Provision of Extraordinary Public Capital Support by the HFSF (articles 56 of Law 4335/2015, implementing articles 37(10) and 56 of the BRRD – Public Equity Support Tool)*

Under article 6b of Law 3864/2010, the HFSF provides extraordinary capital support following a decision of the Minister of Economy in accordance with paragraph 4 of article 56 of Law 4335/2015,

in which case the HFSF participates in the recapitalisation process of the credit institution concerned by providing capital to the latter in exchange for CET1 capital instruments or Additional Tier 1 instruments or Tier 2 instruments, in accordance with article 57 of Law 4335/2015 (article 57 of the BRRD).

#### *Capital Support*

- (A) The HFSF provides capital support as determined by the competent authority, but only up to the amount of the relevant credit institution's capital shortfall remaining outstanding after the implementation of the aforementioned voluntary measures and mandatory (burden-sharing) measures and following any potential participation of private investors and the approval of the restructuring plan by the European Commission and further following either implementation of the mandatory (burden-sharing) measures of article 6a of Law 3864/2010 and confirmation by the European Commission (as part of the approval of the restructuring plan) that the credit institution concerned falls within the ambit of the exception of the last sub-paragraph of paragraph 4 of article 32 of Law 4335/2015; or placement of the credit institution concerned into resolution (articles 56 and 57 of Law 4335/2015), and taking of the measures required by Law 4335/2015.
- (B) The provision of capital support is in any case conditional upon the execution of the relationship framework agreement and will be made through the subscription of HFSF for ordinary shares, contingent convertible securities or other convertible financial instruments issuable by the credit institution concerned. For these purposes, the HFSF may exercise, dispose of or waive any pre-emption rights in the context of a share capital increase or issue of contingent convertible securities or other convertible financial instruments

Capital support by the HFSF in the form of ordinary shares, contingent convertible securities or other convertible financial instruments must be in accordance with: (i) a general meeting resolution of the credit institution to this effect, specifically referring to art. 7 of Law 3864/2010; and (ii) the provisions of Cabinet Act 36, which also sets out the means and allocation of the capital support and the conditions for the issuance of contingent convertible securities or other convertible financial instruments by credit institutions and the HFSF's subscription, as well as the conditions for the conversion of such securities and instruments and any other necessary details, if required. Transfer of such securities or other financial instruments is subject to approval by the competent authority.

- (C) The HFSF's subscription for such securities would be made by means of cash or bonds issuable by the ESM. Subject to certain exceptions applicable to credit institutions which do not currently have a restructuring plan approved by the European Commission and to credit institutions which are recapitalised by the Greek state pursuant to the public equity support tool under Law 4335/2015, the subscription price would be determined by the book building process conducted by the credit institution concerned (which must be at least equal to the nominal value of the shares) and accepted by the General Council of the HFSF following the opinion of an independent financial adviser appointed by the HFSF, that the book building process is in accordance with the best international practice in these circumstances.

According to article 7 of Law 3864/2010, a credit institution is not permitted to offer new shares to private investors at a subscription price lower than the HFSF's subscription price in the context of the same issue of shares. However, the price at which private investors may subscribe for shares may be lower than (i) the price at which the HFSF has subscribed for shares in previous capital increases of the credit institution concerned, or (ii) the current stock market price of the shares of such credit institution.

- (D) The HFSF may, prior to the observance of the process set out in article 6a of Law 3864/2010 involving the implementation of mandatory (burden-sharing) measures pursuant to a Cabinet

Act as outlined above, provide credit institutions that have requested capital support and fall within the exception of paragraph 4 of article 32 of Law 4335/2015 (precautionary recapitalisation of article 32(4) of the BRRD) with a commitment letter that the HFSF will participate in their share capital increase up to the amount determined by the competent authority and that such participation will be in accordance with article 7 of Law 3864/2010.

The HFSF would provide the requested capital support pursuant to a commitment letter only if the European Commission has approved such support and the Cabinet Act regarding the implementation of the mandatory (bail-in) measures has been published, as discussed above.

The above commitment of the HFSF would cease to be effective in the event that (i) the licence of the credit institution is revoked for any reason pursuant to article 19 of Law 4261/2014, (ii) the resolution measures provided for in paragraph 1 of article 37 of Law 4335/2015 (article 37 of the BRRD) are taken, before the commencement of the procedure for its share capital increase.

**Cabinet Act No. 44/5.12.2015**, issued under article 6a, paragraph 11 of Law 3864/2010, set out:

- (i) the procedure for the appointment by the Bank of Greece of a valuator for the valuation of the assets and liabilities of the credit institution in case of and prior to the implementation of the burden sharing measures of article 6a of Law 3864/2010, as well as the content and purpose of such valuation; and
- (ii) the details for the implementation of the mandatory measures of article 6a of Law 3864/2010 and the details for the determination of any compensation claimed by the holders of the capital instruments and liabilities subject to the mandatory burden sharing measures of article 6a of Law 3864/2010.

## **Regulatory Treatment of Deferred Tax Assets**

### **Background**

Article 36, par. 1(c) of the CRR establishes a general rule stating that credit institutions shall deduct from their CET1 deferred tax assets that rely on future profitability, meaning those deferred tax assets which may only be realised in the event the credit institution concerned generates taxable profits in the future.

Notwithstanding, article 39, par. 2 of the CRR allows the non-deduction from own funds of certain deferred tax assets that do not rely on future profitability establishing, however, that these *"shall be limited to deferred tax assets arising from temporary differences, where all the following conditions are met:*

- (a) they are automatically and mandatorily replaced without delay with a tax credit in the event that the institution reports a loss when the annual financial statements of the institution are formally approved, or in the event of liquidation or insolvency of the institution;
- (b) an institution shall be able under the applicable national tax law to offset a tax credit referred to in point (a) against any tax liability of the institution or any other undertaking included in the same consolidation as the institution for tax purposes under that law or any other undertaking subject to the supervision on a consolidated basis in accordance with Chapter 2 of Title II of Part One;

- (c) where the amount of tax credits referred to in point (b) exceeds the tax liabilities referred to in that point, any such excess is replaced without delay with a direct claim on the central government of the Member State in which the institution is incorporated."

### *Summary of Greek legislation*

Against this background, article 27A of Law 4172/2013, as amended among other by Law 4340/2015 and Law 4465/2017 the latter being applicable from 2016 onwards, introduced a number of measures which apply to Greek credit institutions, leasing and factoring companies supervised by the Bank of Greece and SSM respectively, with the purpose of allowing the conversion of certain DTAs into deferred tax credits ("DTCs"). Entering or exiting from such conversion mechanism (the **Regime**) is optional and is subject to prior approval by the shareholders' general meeting of the institution concerned ("GM"), following a relevant recommendation by its Board of Directors.

The GM's decision to opt-in the Regime concerns the creation of a special reserve, the issuance of securities giving the right to acquire ordinary shares ("conversion rights") in favour of the Greek state, the increase of the share capital of the institution concerned through the capitalisation of the special reserve resulting from the exercise of the conversion rights. In addition, for the opt-out, regulatory pre-approval is required.

In this regard, under certain preconditions, from fiscal year 2016 onwards DTAs related to:

- (a) the remaining unamortised amount of the debit difference (according to the Greek tax legislation) resulting from the participation in the PSI and the Buy-Back Program; and
- (b) the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015,

could convert into DTCs according to a predetermined formula as follows:

$$\text{DTC} = \text{Eligible accumulated DTA} \times \frac{\text{IFRS Loss of the year after tax}}{\text{Equity (excl. IFRS loss of the year after tax)}}$$

The DTCs created pursuant to the above are subject to an audit /correction to be performed by the Greek tax authorities.

As a result of the above mechanism, DTAs could be converted into DTCs from the fiscal year 2016 onwards and allow the institution concerned to offset these DTCs against its corporate income tax liability (including corporate income tax liabilities of its affiliates (as defined in Law 4172/2013), as the case may be, once group relief provisions are introduced into Greek law) of the respective year. This (i.e. the existence of corporate income tax liability in spite of an IFRS loss) may happen in case there is a loss (after tax) recorded in accordance with the IFRS but, following the necessary adjustments provided for in the Greek tax legislation, the result would be taxable profit with an income tax obligation in this respect (for example, the loan loss provisions treatment is different between IFRS and the Greek tax rules). In case the corresponding income tax liability for the year where the annual loss was recorded is not enough to offset the DTC in full, the remaining non-offsetable DTCs held by the institution concerned give rise to a direct payment claim against the Greek state. Upon conversion of DTA to DTC, the institution concerned issues, without consideration, conversion rights in favour of the Greek state whereas ownership thereof automatically reverts to the Hellenic Financial Stability Fund. These conversion rights issued to the Greek state correspond to the ordinary shares of the institution concerned having a total market value representing 100 per cent. of the whole DTC converted part (i.e. before offsetting with the corporate income tax). In relation to institutions the shares of which are listed on the ATHEX, such as the Issuer, the market

price for its shares is equal to the weighted average stock exchange price during the last 30 business days before the date where its DTC becomes a receivable. The exercise of the conversion rights is without consideration and is realised with the capitalisation of the special reserve created by the institution concerned.

The conversion rights are convertible into ordinary shares, may be issued above par and are freely transferable by their holders. Within a reasonable time after the issuance date of the conversion rights, the existing shareholders of the institution concerned have a call option to acquire the conversion rights pro rata to their percentage participation in the share capital of the institution concerned at the time the conversion rights were issued.

The conversion mechanism (DTA to DTC) is also triggered in case of bankruptcy, liquidation or special liquidation of the institution concerned, as provided for in the Greek or EU legislation, as the latter has been transposed into the Greek legislation. In this case, any amount of DTCs which is not offset with the corresponding annual corporate income tax liability of the institution concerned gives rise to a direct payment claim against the Greek state.

Finally, article 27A of Law 4172/2013 also provides for the issuance of a Cabinet Act to address issues with respect to the implementation of the Regime, such as the monitoring and certification of the annual non-offsetable DTC, its collection method, which would be either in cash or cash equivalents as they are defined in IAS 7, the basic terms governing the conversion rights, the transfer details, the transfer value, the time and the procedure for the exercise of the call options by the shareholders of the institutions concerned, the time at which they become tradable on a regulated market.

According to article 82 of Law 4472/2017, which further amended article 27A of Law 4172/2013 in May 2017, an annual fee of 1.5 per cent. is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate (i.e. currently 29 per cent.) and the tax rate applicable on 30 June 2015 (i.e. 26 per cent.). For the period ended 30 June 2018, an amount of €3.4million has been recognised in the Issuer's income statement.

### **Capital Controls**

On 28 June 2015, pursuant to a Legislative Act of the same date, as subsequently amended (the **Act of 28 June 2015**), capital controls and a bank holiday were imposed in Greece. The Act of 28 June 2015 also provided for the creation of a committee for the approval of banking transactions during the bank holiday (the **Approval Committee**).

The bank holiday ended on 20 July 2015 and the capital controls were relaxed pursuant to a Legislative Act endorsed on 18 July 2015, as subsequently amended and currently in force (the **Act of 18 July 2015**); the Act of 18 July 2015 also prescribed that the Approval Committee would continue its operation. As the legislative framework now stands, and although the capital controls have gradually been further relaxed, restrictions on cash withdrawals and transfers of funds still apply to credit institutions operating in Greece, payment institutions, e-money institutions (as well as foreign institutions' branches and representatives in Greece) and the Consignments Deposits and Loans Fund; its most significant provisions can be summarized as follows:

- as from 1 October 2018, any forms of cash withdrawals from branches or Automatic Telling Machines (ATM) from institutions in Greece are permitted, including;
- through the use of credit and prepaid cards issued by credit institutions operating in Greece and any payment in cash regardless of the currency, as well as collections of cheques and payments under letters of guarantee;



- as from 1 October 2018, cash withdrawals outside Greece, including through the use of credit and prepaid cards issued by credit institutions operating in Greece up to the amount of €5,000 per calendar month per Customer ID, per credit institution are permitted. In addition, credit and debit cards may be used for the purchase of goods or provision of services up to the maximum credit or debit limit determined for the card holder by the relevant credit institution;
- transfers of funds or cash abroad (including through transfer orders or through the use of prepaid, credit or debit cards) are prohibited other than transfers of cash up to €10,000 or its equivalent in a foreign currency, per individual and per trip (permanent residents abroad are exempted from such restriction). The acceptance and implementation of orders for the transfer of funds abroad by credit institutions, is allowed up to the amount of €4,000 (as from 1 July 2018) per Customer ID and per two calendar months and up to the aggregate monthly amount set by the Approval Committee for every credit institution. In addition, the acceptance and implementation of orders for the transfer of funds abroad by Greek payment institutions as well as payment institutions in other EU member states offering money remittance services, including their representatives in both cases, is also allowed up to the amount of €4,000 (since 1 July 2018) per individual/payer per two calendar months, and up to the aggregate monthly amount set by the Approval Committee for every payment institution. The limit applying to every provider is the monthly balance arising following the set-off between incoming and outgoing money remittances implemented by such provider. The Act of 18 July 2015 provides for specific exemptions on the restriction of transfer of funds abroad for certain enumerated transactions and subject to the conditions set out therein;
- amounts that, after the entry into force of the capital controls legislation, are transferred from abroad by credit transfer to accounts held at a credit institution operating in Greece can be transferred anew, partially or in whole, to an account held at a credit institution operating abroad. This provision also applies to the transfer of capital outside Greece by an institution, for the purpose of purchasing foreign financial instruments, provided that the beneficiary's account from which the transfer is made, or the clients' account held by the investment services firm at the institution from which the transfer is made on behalf of the beneficiary, has been credited after 28 June 2015 with funds arising from remittance from abroad;
- credit institutions operating in Greece may transfer funds for the purposes of liquidity management and performance of their payment obligations in the context of servicing of agreements (for instance, servicing of payments in relation to securities and securitisations of the institution and its subsidiaries, including coupon payments, settlement of third parties' invoices and total or partial repayment of principal);
- profits and dividends arising from funds invested in Greece and which have been credited to an account of the beneficiary held with a bank operating in Greece from a foreign account after July 18, 2015 can be transferred to a bank account of the beneficiary held abroad up to 100% of the invested funds on an annual basis; and
- transactions that would normally fall within the scope of the above restrictions may be exempted by a decision, taken on an *ad hoc* basis, of the Approval Committee or, as the case may be, of a subcommittee for the approval of banking transactions established in each credit institution. Depending on the amount and/or the importance of the envisaged transaction, the submission of an exemption application is made either to the Approval Committee or to the subcommittees that have been established in the credit institutions for that purpose.

The Act of 18 July 2015 also included restrictions on transfers of funds for transactions in financial instruments which were relaxed by virtue of a decision of the Minister of Finance dated 31 July 2015,

which was further replaced by a decision of the Minister of Finance dated 7 December 2015 (the **Decision of 7 December 2015**). Currently, transfers of funds within the Greek banking system are permitted:

- (a) for the purposes of clearing, including the management of collateral (margin), and settlement, until the end beneficiary, of transactions on financial instruments of article 5 of Greek Law 3606/2007 that are traded on regulated markets and multilateral trading facilities in Greece (**Financial Instruments**), including all possible expenses and commissions that relate to such transactions;
- (b) for the performance of payment obligations and in general cash distributions by the issuers to the beneficiaries of the financial instruments of article 5 of Greek Law 3606/2007 (e.g., payments of coupons and dividends by the issuers);
- (c) for the performance of standing orders existing on 28 June 2015 for the transfer of capital from savings accounts to UCITS of Greek Law 4099/2012, as in force, or Alternative Investments Funds (**AIFs**) of Greek Law 4209/2013, that are subject to the management of AIFs Managers or to unit-linked mutual funds in the context of savings-investment programmes/accounts;
- (d) for the acquisition of (i) newly issued Financial Instruments, where these are issued in the context of a share capital increase or the issuance of bond loans; and (ii) any securities issued by credit institutions authorised in Greece, for their recapitalisation; and
- (e) for the acquisition of units of UCITS of Greek Law 4099/2012, as in force, that are distributed in Greece, provided that the proceeds deriving from the new distribution of fund units in Greece cannot be transferred or invested abroad.

Exceptionally, transfers of funds from a Greek institution abroad are allowed for the re-investment of available funds of UCITS, AIFs, social security funds, insurance companies, professional insurance funds and certain other entities, or for the investment of contributions to occupational insurance funds in accordance with their investment policies as at 28 June 2015, or from insurance companies in relation to specific investments from life insurance unit-linked contracts, subject to the specific conditions set-out in the Decision of 7 December 2015.

Moreover, the transfer of custody of financial instruments abroad is possible only for the clearing and settlement of transactions related to such financial instruments.

Finally, there are no restrictions on the transfer of the proceeds from the clearing and settlement of transactions on Financial Instruments, as well as the amount of cash distributions from issuers to holders of financial instruments referred to under article 5 of Greek Law 3606/2007, through a Greek bank to an account outside of Greece and up to the end beneficiary thereof, provided that (i) if such account is an existing account, that account should have been used for the clearing and settlement of transactions in such instruments through the relevant investment account prior to the commencement of the bank holiday on 28 June 2015, and (ii) with respect to a new investment account, the funds used to purchase Financial Instruments or to open position on derivatives through such investment account should have been transferred from an account held outside of Greece. Where the credit of the clearing and settlement proceeds to bank accounts outside the Greek banking system is permitted, as mentioned above, then the proceeds that are transferred abroad may be also used for the acquisition of units of UCITS of Greek Law 4099/2012.

## THE MORTGAGE AND HOUSING MARKET IN GREECE

The first mortgage lending institution, the National Mortgage Bank of Greece, was established in 1927, followed by the National Housing Bank in 1930. Both institutions were under government control, but have since been merged with the National Bank of Greece. Since then, another three institutions under government control have become active in the field of mortgage lending: the Postal Savings Bank (*Tachydromiko Tamieftirio*); the Consignment Deposits and Loans Fund (*Tamio Parakatathikon kai Daneion*); and Agricultural Bank, the first two providing loans to civil servants and the latter providing loans mainly to farmers. In 1985 the state monopoly of mortgage lending was ended, allowing commercial banks to enter the market, provided that their mortgage financing did not exceed 2 per cent. of their deposits. From the early 1990's onwards the mortgage loans market was rapidly deregulated and as a result many commercial banks operating in Greece (foreign and national) now have a presence in this market as well as in the broader region of South East Europe.

Until the end of 2008, the residential mortgage market exhibited a remarkable growth. Lending acceleration took place against a backdrop of macroeconomic stability, rapidly declining interest rates (from 25 per cent. in the early 1990s to less than 6 per cent. in 2003 and to less than 5 per cent. until the end of 2008), and strong residential construction activity and led to a 27 per cent. CAGR in market balances over the 2000-2008 period.

From 2008 onwards, the residential mortgage market has started showing signs of deceleration, gradually entering into maturity stage. Additionally, the market has been negatively affected by the fiscal crisis that emerged in the country and the deteriorating macroeconomic conditions that caused a serious downturn in the Greek property market. Thus, a 4 per cent. growth in balances over 2009 was followed by market stagnation in 2010 and a continuous decline over the next years by 3-5 per cent. per annum. Over 2017, balances evolution followed the same pattern, as annual drop reached 4 per cent..

All in all, households have substantially increased their leverage over the specific period; mortgage credit increased from 10 per cent. of GDP in 2001 to 33 per cent. by the end of 2017 which stands close to the euro area average.

Regarding real estate prices, there is a continuous decline over the last 9 years, yet at a decelerating pace. Therefore, the double digit drops seen over 2012 and 2013 have been replaced by less drastic decreases of 5.1 per cent. in 2015 and 2.4 per cent. in 2016. During 2017, available provisional data show that prices declined by only 1.0 per cent. against previous year.. This could constitute a sign of prices stabilization in the near future.

### *Mortgage Products*

The Greek mortgage market is characterised as a mature market, with fairly standard products on offer. Currently, most banks offer the following mortgage products:

- (a) floating rate mortgages, based primarily on EURIBOR and to a limited extent on ECB refinance rates;
- (b) mortgages with a fixed rate for an initial period (for example 1 year) converting to a floating rate thereafter; and
- (d) preferential floating rate mortgages granted in favour of the banks' employees.

Typically, mortgage loans have a term of 20 to 25 years, although the maximum term is 30 years.

### *The Greek Housing Market*

There is a relatively low turnover of houses in the Greek housing market; due to strong family ties, children tend to live with their parents until they marry and purchase their first home.

Home ownership within Greece is highest in the regions and lowest in Athens. The number of people owning second homes is also very high.

The most common type of property available is the apartment, with maisonettes and detached houses being restricted to the more affluent city areas.

During the past years, there has been a continuous decline in property prices, has resulted in investment opportunities in the real estate market.

### *Security for Housing Loans*

In Greece, security on real estate property, including security for housing loans, is created by establishing a mortgage or a pre-notation of a mortgage. A mortgage can be established by a notarial deed (or by a judicial decision, or by law in special cases). The establishment of a mortgage by notarial deed is quite costly and it is therefore not preferred among banks and borrowers. Instead, in most cases, banks obtain a pre-notation of a mortgage, which is less expensive and easier to record than a mortgage. Pre-notation of a mortgage is an injunction over the property entitling its beneficiary to convert it into a full mortgage within ninety (90) days from the final court judgment for the secured claim, but which is valid as of the date of the pre-notation. From the point of view of enforceability, ranking of the security and preferred right to the proceeds of the auction, there is no difference between a holder of a mortgage and a holder of a pre-notation of a mortgage, since the latter is treated as a secured creditor of the property. Both the holder of a pre-notation of a mortgage and a mortgagee need an enforcement right before commencing enforcement proceedings. The difference between them is that the pre-notation is a conditional security interest whose preferential treatment is subject to the un-appealable adjudication of the claim it purports to secure, whereas a mortgagee's claim is enforceable pursuant to the mortgage deed itself.

Establishing a pre-notation is the most common way of establishing security for mortgage lending in Greece.

The pre-notation is registered on virtue of a Court decision (interim measures procedure) or a Court Payment Order. The respective decision is issued either with the consent of the property's owner over which the pre-notation will be registered or without it after hearing both parties. The Court Payment Order is issued without hearing of the debtor, based only on documents proving the claim, such as bounced cheques, unpaid bills of exchange, invoices signed by the debtor, lease agreements, etc, and creditor may register a pre-notation of mortgage based on the payment order. The debtor has the right to file an opposition against the payment order issued (see below under "*Enforcing security*").

The procedures adopted by lenders of mortgage loans in practice has led to an arrangement whereby pre-notations are granted "by consent", where both the lending bank and the borrower appear before the competent court and consent to the establishment of the pre-notation on the specific real estate property. The court issues the decision immediately (in fact, the decision is drafted beforehand by the lending bank and is signed by the judge who hears the claim).

The Issuer's lawyer, after receiving a copy of the Court decision and having prepared the summary of it and the respective petition, brings them to the Cadastre or the Land Registry, where registered, and after that the related certificates/sheets referring to the pre-notation are issued.

The certificates/sheets concern:

- (a) the ownership by the borrower of the mortgaged property;
- (b) the registration and class of the pre-notation;
- (c) the absence of (judicially raised) claims of third parties against the current and all previous owner(s) of the mortgaged property; and
- (d) any other mortgages, pre-notations or seizures preceding the pre-notation registered by the bank.

At the same time the Issuer's lawyer performs a titles search in the Cadastre or the Land Registry, in order to confirm the uncontested ownership and the connected burden on estate, if any, before the loan is disbursed.

Once the certificates are issued, they are reviewed by the Issuer's legal department and are included in the borrower's file. The legal review of both the ownership titles and the pre-notation registration is based on public documents, i.e. on notarial deeds and certificates issued by the competent land registries or cadastres. The history of the ownership titles for the previous 20 years is examined (which is the period for adverse possession). Such a review together with a titles search in the Cadastre or the Land Registry precedes the approval of the loan. Upon registration of the pre-notation, a second titles search is made to confirm the status quo.

#### *Enforcing security*

Without prejudice to the procedures required under the Code of Conduct, enforcement proceedings are usually commenced against a debtor in respect of a loan once it becomes 180 days in arrears, at which point the loan is terminated. An order of payment is obtained from the judge of the competent Court of First Instance (i.e. the Single-Member Court of First Instance or the Magistrate's Court, as the case may be) following service of the notice of termination of the loan on the debtor and non-payment by the debtor. Enforcement is commenced by service of the order for payment and a demand to pay on the debtor, with the ultimate target being the collection of the proceeds of the auction of the relevant property securing the loan.

However, there are various provisions of Greek law which could result in enforcement proceedings against a debtor being delayed or suspended. A debtor may delay enforcement against the relevant property by contesting the order for payment and/or the procedure for enforcement which in turn will delay the receipt of proceeds from enforcement against the property by the Bank after the relevant loan has been terminated. In particular, following recent amendment to the Greek Civil Procedure Code by virtue of Law 4335/2015, the following apply in relation to enforcement proceedings commencing from 1 January 2016 onwards.

A debtor can file a petition of annulment against the order for payment pursuant to Article 632 of the Greek Civil Procedure Code (an **Article 632 Annulment Petition**) with the competent Court of First Instance (i.e. the Magistrate's Court or the Single-Member Court of First Instance or the Multi-Member Court of First Instance, as the case may be) within 15 business days (or 30 business days if the debtor resides abroad, or if the debtor is of unknown residence and has appointed a process agent in Greece) after service of the order for payment, contesting the substantive or procedural validity of the order of payment. If the debtor fails to contest the order for payment, the order may be served again on the debtor and a further 15 business days are available to the debtor to file a petition of annulment against the order for payment pursuant to Article 633 of the Greek Civil Procedure Code (an **Article 633 Annulment Petition**) with the competent Court of First Instance. The order for

payment will be final either if the term of 15 business days mentioned above elapses, or if the Court rejects the Article 632 Annulment Petition or the Article 633 Annulment Petition.

The filing of an Article 632 Annulment Petition entitles the debtor to file a petition for suspension of the enforcement against the relevant property pursuant to Article 632 of the Greek Civil Procedure Code (an **Article 632 Suspension Petition**). Upon filing an Article 632 Suspension Petition, enforcement procedures may be suspended until the hearing of the Article 632 Suspension Petition. Following the issue of a decision in relation to the hearing of the Article 632 Suspension Petition (which itself can take up to approximately two to five months to be issued), enforcement may be suspended until the competent Court of First Instance has issued an official decision in respect of the Article 632 Annulment Petition. In case an appeal is filed against the decision of the competent Court of First Instance in respect of the Article 632 Annulment Petition, upon filing of a new Article 632 Suspension Petition suspension of enforcement may be granted until the Court of Appeal (or the Single Member Court of First Instance acting as a Court of Appeal, as the case may be) reaches a final decision (if the court considers that the appeal is likely to succeed), which means an additional delay in enforcement of approximately two years. The procedure can take up to approximately five to six years from the filing of the Article 632 Annulment Petition if the debtor requests adjournments of the hearings for the Article 632 Annulment Petition before the competent Court of First Instance and Court of Appeal (or the Single Member Court of First Instance acting as a Court of Appeal), up until the decision of the latter.

The debtor may also file with the relevant competent Court of First Instance (i.e. the Magistrate's Court or the Single Member Court of First Instance, as the case may be) a petition for the annulment of certain actions of the foreclosure proceedings based on reasons pertaining to the validity of the order of payment, the claim to the satisfaction of which the enforcement proceedings have been initiated and/or procedural irregularities pursuant to Article 933 of the Greek Civil Procedure Code (an **Article 933 Annulment Petition**). An Article 632 Annulment Petition, Article 633 Annulment Petition and Article 933 Annulment Petition may be filed either concurrently or consecutively, but it should be noted that the Article 933 Annulment Petition may not be based on reasons pertaining to the validity of the order for payment or the claim for which this has been issued, once the order for payment has become final as mentioned above. The time for the filing of an Article 933 Annulment Petition varies, according to Article 934 of the Greek Civil Procedure Code, depending on the foreclosure action that is so contested; in particular, the Article 933 Annulment Petition should be filed within 45 days as from the date of attachment of the debtor's property, except for an Article 933 Annulment Petition contesting the auction which should be filed within 60 days as from registration with the competent land registry or cadastre of the relevant auction deed.

The filing of an Article 933 Annulment Petition itself does not entitle the debtor to file a petition for the suspension of the enforcement until the decision of the competent Court of First Instance on the annulment motion is issued. The 933 Annulment Petition must be heard within 60 days from its filing and the decision by the competent Court of First Instance must be issued within 60 days from the hearing date. The court decision in respect of an Article 933 Annulment Petition contesting foreclosure actions in the course of enforcement proceedings initiated by virtue of an order for payment is subject only to appeal. The filing of an appeal against the decision of the competent Court of First Instance in respect of the Article 933 Annulment Petition entitles the debtor to file a petition for the suspension of the enforcement until the Court of Appeal (or the Single Member Court of First Instance acting as a Court of Appeal, as the case may be) reaches a final decision (an **Article 937 Suspension Petition**); such suspension may be granted if the Court considers that the appeal is likely to succeed and the debtor would suffer irreparable damages. Again, foreclosure proceedings may be suspended until the hearing of the Article 937 Suspension Petition, which, in a normal case where the debtor seeks the suspension of the auction, should be filed at the latest five business days prior to the auction and the relevant decision is issued by 12.00 pm on the Monday prior to the auction. It should

nevertheless be noted that such suspension is more difficult to obtain if the competent Court of First Instance has already rejected an Article 632 Suspension Petition based on similar reasons.

The debtor may seek the postponement of the auction by alleging that the value of the property has been underestimated by the enforcing bailiff or that the fixed first offer is too low. However, it is to be noted that the initial auction price cannot be less than two thirds of the estimated value of the property (in accordance with para. 2 of Article 993, in conjunction with para. 2 of Article 954 of the Greek Civil Procedure Code). The evaluation of the property cannot be less than the property's "commercial value", as calculated in accordance with presidential decree 59/2016. In particular, pursuant to such presidential decree, the property's "commercial value" is determined by the relevant bailiff who is obliged to appoint a certified appraiser for this purpose. The latter submits to the bailiff an appraisal report in accordance with European or international recognised appraising standards. Appraisal fees are borne by the creditor who ordered the enforcement against the relevant property, but ultimately burden the debtor. Furthermore, suspension of the auction for up to six months may be sought by the debtor, on the grounds that there is a good chance of the debtor being able to satisfy the enforcing party or that, following the suspension period, a better offer would be received at auction.

Once the allocation of proceeds amongst the creditors of the debtor has been determined pursuant to a deed issued by a notary public, the creditors of the debtor are invited by the notary public to be informed respectively and may dispute the allocation by filing a petition contesting the deed within 12 business days as from the service of such invitation. Such petition must be heard within 60 days from its filing, in case the contesting creditor is a Greek resident, or within 120 days from its filing, in case the contesting creditor has no residence in Greece, and the decision by the competent Court of First Instance must be issued within 60 days from the hearing date. The creditor is entitled to appeal against the decision to the Court of Appeal (or the Single Member Court of First Instance acting as a Court of Appeal, as the case may be), which means an additional delay in the collection of proceeds of approximately two years. This can further delay the time at which the Bank finally receives the proceeds of the enforcement against the relevant property. However, the law provides that a creditor is entitled to the payment of its claim even if its allocation priority is subject to a challenge, provided that the creditor submits a first demand letter of guarantee issued by a bank lawfully established in Greece, securing repayment of the money in the event that such challenge is upheld.

In addition, there is a period of mandatory suspension for all enforcement procedures (including auctions) between 1 and 31 August of each year. In addition, auctions cannot be conducted on the Wednesday prior to and on the Wednesday following the date of national, European Community and Municipality elections.

Recent reform of the Greek Civil Procedure Code by virtue of Greek Law 4335/2015, aims to speed up the pace of enforcement proceedings commencing from 1 January 2016 onward. It should be noted however that the new regime remains largely untested. It is yet unknown whether the implementation of the new regime will achieve the above aims (in particular, whether the Courts of First Instance will be in a position to observe the strict deadlines for the hearing of the relevant annulment petitions and the issuance of decisions thereon).

Pursuant to recent Law 4512/2018 all auctions taking place after 21 February 2018, irrespective of when the payment order has been served or the seizure took place, will be conducted by electronically. Any auctions scheduled to be performed physically after 21 February 2018 will also be done electronically. However, any auctions that were scheduled to take place before 21 February 2018 can take place physically or electronically at the relevant creditor's discretion without taking into account the amendment effected by the most recent Law 4512/2018.

Electronic auctions will be conducted electronically by a public notary without physical presence of the participants. Electronic auctions will take place three times a week (every Wednesday, Thursday or Friday), from 10:00 am until 14:00 or from 14:00 until 18:00.

### *Allocation of auction's proceeds*

In the auction, the property is sold to the highest bidder who shall pay within 15 days at the latest following the date of the auction. Once the price of the property is paid, the notary public prepares a special deed listing all the creditors and allocating the proceeds of the auction. Each creditor must announce its claim, along with the documents substantiating its claim, to the notary public at least 5 days prior to the day of the auction (under the previously applicable regime within 15 days of the auction).

The proceeds of an auction following enforcement against a property securing a Loan are allocated in accordance with Articles 975, 976 and 977 CCP, as amended. As of 1 January 2016 onwards and in respect of demands for immediate payment served to the debtor after 1 January 2016, the auction proceeds are allocated, after deduction of the enforcement expenses, for the satisfaction of the creditors in the following ranking order:

- (i) Medical and funeral expenses of the debtor and his family that arose within the last twelve (12) months prior to the day of the public auction or the declaration of bankruptcy and compensation claims (except claims for moral damages) due to disability exceeding eighty per cent. (80 per cent.) or more that arose until the day of the public auction or the declaration of bankruptcy.
- (ii) Claims for the nutrition of debtor and his family that arose during the last six months before the day of the public auction or the declaration of bankruptcy.
- (iii) Claims based on salaried employment, claims from fees, expenses and compensation of lawyers paid under fixed regular remuneration, provided that they arose within the last two years prior to the day of the first public auction or the declaration of bankruptcy, compensation claims arising by reason of termination of employment arrangements and lawyers' compensation claims arising by reason of the termination of in-house employment arrangement. The same rank also includes claims of the State in respect of Value Added Tax (VAT) and any attributable or withholding taxes together with any increments and interests imposed on such claims, as well as claims of social security organisations, alimony claims in case of death of the person owing such alimony and compensation claims due to disability exceeding sixty seven per cent. (67 per cent.) which arose up to the day of the public auction or the declaration of bankruptcy.
- (iv) Claims of farmers or agricultural cooperatives from the sale of agricultural products that arose within the last year prior to the day the public auction was first set to occur or the declaration of bankruptcy.
- (v) Claims of the State and municipal authorities arising out of any cause, together with any increments and interest imposed on such claims.
- (vi) Claims of the Athens Stock Exchange Members' Guarantee Fund (Syneggyitiko) against the debtor, insofar as such debtor is or was an investment services firm and the claims of such fund were born within the two (2) years preceding the day of the public auction or the declaration of bankruptcy.

In case of concurrence of preferred claims (as mentioned above) and secured claims (which include claims secured by pledge or mortgage) and unsecured claims, the percentage of satisfaction of the preferred creditors is limited to up to twenty five per cent. (25 per cent.), whereas the percentage of satisfaction of secured creditors is up to sixty five per cent. (65 per cent.). The remaining amount of ten per cent. (10 per cent.) of the auction proceeds is allocated to the unsecured creditors. In case of concurrence of secured creditors and unsecured creditors, an amount of ninety per cent. (90 per cent.)



is allocated to secured creditors, while an amount of ten per cent. (10 per cent.) of the auction proceeds is allocated to the unsecured creditors. In case of concurrence of preferred claims and unsecured claims, the percentage of satisfaction of the former is seventy per cent. (70 per cent.) while the percentage of satisfaction of the latter is thirty per cent. (30 per cent.). Finally, pursuant to Article 977, paragraph 1 of the CCP, in case of concurrence of preferred claims and secured claims, the preferred claims will be satisfied up to one-third of the auction proceeds whereas the secured claims may be satisfied up to two-thirds of the auction proceeds.

More recently, Law 4512/2018 (articles 176) introduced certain changes in the ranking order of creditors in enforcement proceedings (new articles 977A of the Code of Civil Procedure). In particular, under article 977A of the Code of Civil Procedure, in respect of any new claims arising after 17 January 2018 and which are secured by a pledge or mortgage over an asset which was not previously encumbered, the auction proceeds will be allocated, after deduction of the enforcement expenses as follows:

- (i) Claims of employees for salaries of up to six months, owed on the basis of salaried employment and arisen prior to the scheduled date of the first auction, capped, per employee and per month, at the amount of the minimum monthly statutory salary for employees above 25 years old multiplied by 275 per cent.;
- (ii) Secured claims;
- (iii) Preferred claims; and
- (iv) Unsecured claims.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

### **Servicing and Cash Management Deed**

The Servicing and Cash Management Deed, made between the Issuer, the Trustee and the Servicer contains provisions relating to, *inter alia*:

- the Issuer's obligations when dealing with any cash flows arising from the Cover Pool and the Transaction Documents;
- the servicing, calculation, notification and reporting services to be performed by the Servicer, together with cash management services and account handling services in relation to moneys from time to time standing to the credit of the Transaction Accounts, the Collection Accounts and the Third Party Collection Accounts (if any);
- the terms and conditions upon which the Servicer will be obliged to sell in whole or in part the Loan Assets;
- the Issuer's right to prevent the sale of a Loan Asset to third parties by removing the Loan Asset made subject to sale from the Cover Pool and transferring within 10 Athens Business Days from the receipt of the offer letter, to the Transaction Accounts, an amount equal to the price set forth in such offer letter, subject to the provision of a solvency certificate;
- the covenants of the Issuer;
- the representations and warranties of the Issuer regarding itself and the Cover Pool Assets;
- the responsibilities of the Servicer following the service of a Notice of Default on the Issuer or upon failure of the Issuer to perform its obligations under the Transaction Documents; and
- the circumstances in which the Issuer or the Trustee will be obliged to appoint a new servicer to perform the Servicing and Cash Management Services.

### *Servicing*

Pursuant to the Servicing and Cash Management Deed, the Servicer has agreed to service the Loans and their Related Security comprised in the Cover Pool and provide cash management services.

The Servicer will be required to administer the Loans and their Related Security in accordance with the Issuer's administration, arrears and enforcement policies and procedures forming part of the Issuer's policy from time to time as they apply to those Loans.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Issuer in relation to the Loans and their Related Security that it is servicing pursuant to the terms of the Servicing and Cash Management Deed, and to do anything which it reasonably considers necessary, convenient or incidental to the administration of the Loans and their Related Security.

### *Right of delegation by the Servicer*

The Servicer may from time to time subcontract or delegate the performance of its duties under the Servicing and Cash Management Deed, provided that it will nevertheless remain responsible for the performance of those duties to the Issuer and the Trustee and, in particular, will remain liable at all

times for servicing the Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor. Any such subcontracting or delegation may be varied or terminated at any time by the Servicer.

*Appointment of Replacement Servicer*

Upon the occurrence of any of the following events (each a **Servicer Termination Event**):

- (a) where the Issuer and Servicer are not the same entity:
  - (i) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing and Cash Management Deed and such default continues unremedied for a period of three Athens Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Trustee requiring the same to be remedied;
  - (ii) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing and Cash Management Deed, which is materially prejudicial to the interests of the Covered Bondholders and such default continues unremedied for a period of 20 Business Days after the Servicer becoming aware of such default, PROVIDED THAT where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 20 Business Days of awareness of such default by the Servicer, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Trustee may approve to remedy such default;
  - (iii) the occurrence of an Insolvency Event in relation to the Servicer; or

- (b) where the Issuer and the Servicer are the same entity the occurrence of an Issuer Event,

then at any time after the Trustee has received notice of any such Servicer Termination Event the Trustee shall, following consultation with the Bank of Greece and while such Servicer Termination Event continues, use its reasonable endeavours (and shall not be obliged to expend or risk any funds in respect of such obligations) to:

- (A) appoint an independent investment or commercial bank of international repute (the **Investment Bank**) to select an entity to act as a Replacement Servicer in accordance with the provisions of the Servicing and Cash Management Deed; and
- (B) by notice in writing to the Servicer terminate its appointment as Servicer under the Servicing and Cash Management Deed with effect from a date (not earlier than the date of the notice) specified in the notice, provided that no action will need to be taken by the Trustee under this paragraph (ii) or paragraph (i) above if (a) the Trustee has been notified by the Bank of Greece that the Bank of Greece is in the process of appointing (i) a Replacement Servicer pursuant to Article 152 or (ii) an administrator or liquidator to the Issuer pursuant to Greek Banking Legislation or (b) the Trustee is informed by the Bank of Greece that it intends to take any such actions listed in paragraph (a) above or to adopt other steps that are more appropriate in the circumstances to protect the interests of the Covered Bondholders.

**Insolvency Event** means, in respect of the Servicer:

- (i) an order that is made by any competent court or resolution passed for the winding-up or dissolution of the relevant entity (other than for the purpose of amalgamation, merger or reconstruction) or
- (ii) the Servicer ceases to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction); or
- (iii) the Servicer stops payment or is unable to, or admits inability to, pay its debts as they fall due, or is to be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or is placed under special liquidation under article 145 of Greek Law 4261/2014 or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally; or
- (iv) a receiver, trustee or other similar official is appointed in relation to the relevant entity or in relation to the whole or over half of the assets of the relevant entity, or an interim supervisor of the relevant entity is appointed by the Bank of Greece under article 137 of Greek Law 4261/2014 or an encumbrancer takes possession of the whole or over half of the assets of the relevant entity, or a distress or execution or other process is levied or enforced upon or sued out against the whole or a substantial part of the assets of the relevant entity and in any of the foregoing cases it or he is discharged within 60 days; or
- (v) any action or step is taken which has a similar effect to the foregoing.

The Trustee will not be obliged to act as servicer in any circumstances.

#### *The Cover Pool*

Pursuant to the Greek Covered Bond Legislation, the Issuer will be entitled to create the Statutory Pledge over:

- (a) certain eligible assets set out in paragraph 8(b) of Section B of the Bank of Greece Act No 2588/20-8-2007 "Calculation of Capital Requirements for Credit Risk according to the Standardised Approach" as amended as of 31 December 2010 by the Bank of Greece Act No 2631/29-10-2010 and Bank of Greece Act 7/10.01.2013, including, but not limited to, claims deriving from loans and credit facilities of any nature comprising the aggregate of all principal sums, interest, costs, charges, expenses, additional loan advances and other moneys (including, in case of any Subsidised Loans, any Subsidised Interest Amount due and owing with respect to such Subsidised Loan) and including the amounts received from Borrowers which represent the cost to the Issuer of levy of Greek Law 128/1975 (Levy ) in respect of such Loans but excluding any third party expenses due or owing with respect to such loan and/or credit facilities provided that such loans and credit facilities are secured by residential real estate (the Loans) together with any mortgages, mortgage pre-notations, guarantees or indemnity payments which may be granted or due, as the case may be, in connection therewith (the Related Security, and together with the Loans the Loan Assets). Following the entry into force of Regulation 575/2013 on 1 January 2014, the reference to paragraph 8(b) should be read as a reference to article 129 of Regulation 575/2013;
- (b) derivative financial instruments including but not limited to the Hedging Agreements satisfying the requirements of paragraph I. 2(b) of the Secondary Covered Bond Legislation;

- (c) deposits with credit institutions (including any cash flows deriving therefrom) provided that such deposits comply with paragraph 8(b) of Section B of the Bank of Greece Act No. 2588/20-8-2007 as amended as of 21 December 2010 by the Bank of Greece Act No 2631/29-10-2010 (including the Transaction Accounts and the Reserve Ledger, but excluding the Collection Accounts); and
- (d) Marketable Assets,

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

**Marketable Assets**, as defined in the Act of the Monetary Policy Council of the Bank of Greece 54/27-2-2004 as replaced by Act No. 96/22.04.2015) and which comply with the requirements for Eligible Investments, are allowed to be included in the Cover Pool and will be included in assessing compliance with the Nominal Value Test, provided that such assets in the Cover Pool do not exceed the difference in value between the Principal Amounts Outstanding of Covered Bonds then outstanding plus accrued interest and the nominal value of the Cover Pool plus accrued interest.

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

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

- (a) allocate to the Cover Pool Additional Cover Pool Assets for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests and/or maintaining the initial rating(s) assigned to the Covered Bond provided that with respect to any Cover Pool Assets allocated after the Issue Date for the first Series of Covered Bonds which are non-CHF or non-Euro denominated assets and/or have characteristics other than those pertaining to the Cover Pool as of the Issue Date for the first Series of Covered Bonds (the **Initial Assets**), (i) S&P has been notified and that the ratings on the Covered Bonds would not be adversely affected by, or withdrawn as a result of such allocation (and in the case of any other Rating Agency, such Rating Agency has been notified) and (ii) the risk weighting of the Covered Bonds will not be negatively affected; and
- (b) prior to the occurrence of an Issuer Event and provided that no breach of any Statutory Test would occur as a result of such removal or substitution (i) remove Cover Pool Assets from the Cover Pool or (ii) substitute Cover Pool Assets with Additional Cover Pool Assets, provided that for any substitution of Additional Cover Pool Assets which are non-CHF or non-Euro denominated assets and/or have characteristics other than those pertaining to the Initial Assets, S&P has been notified and that the ratings on the Covered Bonds would not be adversely affected by, or withdrawn as a result of such allocation (and in the case of any other Rating Agency, such Rating Agency has been notified).

**Additional Cover Pool Assets** means further assets assigned to the Cover Pool by the Issuer for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests.

Any further assets added to the Cover Pool at the option of the Issuer in accordance with the above or by way of mandatory changes below shall form part of the Cover Pool.

**Minimum Credit Rating** means a long-term rating of at least BB- by S&P.

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

- (i) It is an existing Loan, denominated in euro and Swiss francs and is owed by borrowers who are individuals.
- (ii) It is governed by Greek law and the terms and conditions of such Loan do not provide for the jurisdiction of any court outside Greece.
- (iii) Its nominal value remains a debt, which has not been paid or discharged.
- (iv) It is secured by a valid and enforceable first ranking mortgage and/or mortgage pre-notation over property located in Greece that may be used for residential purposes.
- (v) Notwithstanding (iv) above, if the mortgage and/or mortgage pre-notation is of lower ranking, the loans that rank higher have also been originated by the Issuer and are included in the Cover Pool.
- (vi) Only completed properties secure the Loan.
- (vii) (a) in the case of Loans originated by the Issuer, all lending criteria and preconditions applied by the Issuer's credit policy and customary lending procedures have been satisfied with regards to the granting of such Loan and (b) in the case of Loans acquired by the Issuer, each loan has been administered by the Issuer from the date of acquisition according to a level of skill, care and diligence of a reasonable, prudent mortgage lender.
- (viii) It is either a fixed or floating rate loan or a combination of both.
- (ix) in relation to any Loans included in the Cover Pool, on the date on which such Loan is added in the Cover Pool it has a maturity of no longer than the day falling 7 years before the Extended Final Maturity Date of the Earliest Maturing Covered Bonds then outstanding.

*Representations and Warranties of the Issuer*

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

- (a) its status, capacity and authority to enter into the Transaction Documents and assume the obligations expressed to be assumed by it therein;
- (b) the legality, validity, binding nature and enforceability of the obligations assumed by it;
- (c) that it has duly obtained or made each authorisation, approval, consent, licence, exemption, notice, filing or registration required on its part for or in connection with the execution and performance of each of the Transaction Documents to which it is a party and any matters contemplated thereby have been unconditionally obtained and are in full force and effect;
- (d) the existence of the Cover Pool Assets and the absence of any lien attaching to the Cover Pool Assets;
- (e) No Loan or its Related Security or (in the case of Subsidised Loans) Subsidised Interest Amounts is subject to any Security Interest other than, after the addition of the Loans to the Cover Pool, under the Transaction Documents or the Greek Covered Bond Legislation;
- (f) its full, unconditional, legal title to the Cover Pool Assets; and

- (g) the validity and enforceability against the relevant debtors of the obligations from which the Cover Pool Assets arise.

#### *Statutory Tests*

Prior to the occurrence of an Issuer Event, the Servicer shall verify on each Applicable Calculation Date that, as at the last calendar day of the calendar month immediately preceding such Applicable Calculation Date, the Cover Pool satisfies the following aggregate criteria:

- (i) the Cover Pool satisfies the Nominal Value Test;
- (ii) the Cover Pool satisfies the Net Present Value Test; and
- (iii) the Cover Pool satisfies the Interest Cover Test,

(collectively, the **Statutory Tests** and each a **Statutory Test**).

- (a) *The Nominal Value Test:* Prior to an Issuer Event the Issuer must ensure that on each Applicable Calculation Date, the Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than 95 per cent. (or such percentage selected from time to time by the Issuer (the **Asset Percentage**) (or the Servicer acting on its behalf) and notified to the Rating Agencies in accordance with the Servicing and Cash Management Deed) of the nominal value of the Cover Pool (excluding for these purposes any amounts received from Borrowers which represent the cost to the Issuer of Levy in respect of such Loans and Loans in arrear of more than 90 days) as at the last calendar day of the immediately preceding calendar month (as determined in accordance with the Servicing and Cash Management Deed). In order to assess compliance with this test, all of the assets comprising the Cover Pool shall be evaluated at their nominal value plus accrued interest but not including the Hedging Agreements.

For the purposes of calculating the nominal value of the Cover Pool, the value of any foreign assets comprised in the Cover Pool shall be converted into euro on the basis of the exchange rate published by the European Central Bank (**ECB**) on such Applicable Calculation Date as at the last calendar day of the immediately preceding calendar month.

For the avoidance of doubt, the Asset Percentage may not, at any time, exceed 95 per cent.

- (b) *The Net Present Value Test:* Prior to an Issuer Event the Issuer must ensure that on each Applicable Calculation Date the net present value of liabilities under the Covered Bonds then outstanding is less than or equal to the net present value of the Cover Pool (excluding for these purposes any amounts received from Borrowers which represent the cost to the Issuer of Levy in respect of such Loans and Loans in arrear of more than 90 days) as at the last calendar day of the immediately preceding calendar month, including the Hedging Agreements (if included, at the discretion of the Issuer).

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

In addition, the Issuer must ensure that on each Applicable Calculation Date, the net present value of the Hedging Agreements are in aggregate less than or equal to 15 per cent. of the nominal value (being principal) of the Covered Bonds.

For the purposes of calculating the net present value of the Cover Pool, all amounts denominated in a currency other than euro shall be converted into euro on the basis of the

exchange rate published by the ECB as at the last calendar day of the immediately preceding calendar month.

- (c) *The Interest Cover Test:* Prior to an Issuer Event the Issuer must ensure that on each Applicable Calculation Date the amount of interest due on the Covered Bonds does not exceed the amount of interest expected (including, in respect of Subsidised Loans, for these purposes any Subsidised Interest Amounts that are expected to be received during such period) in respect of the Loans comprised in the Cover Pool (excluding for these purposes any amounts received from Borrowers which represent the cost to the Issuer of Levy in respect of such Loans and Loans in arrear of more than 90 days) (including any Interest Rate Swap, any Covered Bond Swaps) in each case, during the period of 12 months from such Applicable Calculation Date.

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

- (a) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the next Cover Pool Payment Date;
- (b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and
- (c) each of the debt securities or other debt instruments and the issuing entity or (in the case of debt securities or other debt instruments which are fully and unconditionally guaranteed on an unsubordinated basis) the guaranteeing entity are rated at least either:
- (i) BBB- in respect of long-term debt or A-3 in respect of short-term debt by S&P, with regard to investments having a maturity of 60 days or less; or
- (ii) BBB in respect of long-term debt or A-2 in respect of short-term debt by S&P, with regard to investments having a maturity of 365 days or less, or such other rating as acceptable to the relevant Rating Agency from time to time.

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

- (a) the Euro Equivalent of the actual Outstanding Principal Balance of the relevant Loan in the Cover Pool (as calculated in accordance with the provisions of the Servicing and Cash Management Deed), provided that, if the Euro Equivalent of the aggregate actual Outstanding Principal Balance of all Loans denominated in Swiss Francs exceeds twenty per cent of the Euro Equivalent of the aggregate actual Outstanding Principal Balance of all Loans comprising the Cover Pool, then such amount of the Euro Equivalent of the aggregate actual Outstanding Principal Balance of such Loans denominated in Swiss Francs as exceeds twenty per cent of the Euro Equivalent of the aggregate actual Outstanding Principal Balance of the Loans comprised in the Cover Pool will be given a value of zero; and
- (b) the Euro Equivalent of the latest of either the physical valuation or the Prop Index Valuation relating to that Loan multiplied by 0.80 (where such loan is secured on residential property) or 0.60 (where such loan is secured on commercial property and such Loan is included in the Cover Pool as a New Asset Type), less the Outstanding Principal Balance of any higher ranking Loan if such Loan is a second or lower ranking Loan, provided that such Loan can never be given a value of less than zero; and



- (c) if the relevant Loan is in arrear of more than 90 days, zero, and each Loan shall be deemed to bear interest on the lower of the amounts calculated in (a), (b) and (c) above.

In addition, in calculating such tests, all Loans that do not comply with the representations and warranties during the immediately preceding calculation period, shall be given a zero value.

**OEK** means the Greek Workers Housing Association as succeeded in full by the Manpower Employment Organisations (OAED) by virtue of Greek Law 4144/2013 and other relevant legislation and reference to OEK shall include reference to OAED as appropriate.

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

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

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

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

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

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

#### *Amortisation test*

For so long as the Covered Bonds remain outstanding, the Servicer shall determine on or before each Calculation Date following an Issuer Event whether the Nominal Value will be in an amount at least equal to the sum of the Euro Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds plus an amount equal to product of (A) the Euro Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds and (B) the Amortisation Test OC Level as calculated on the last day of the immediately preceding calendar month (the **Amortisation Test**).

**Amortisation Test OC Level** means the product of 0.75 and the OC Level.

OC Level means the result, expressed as a percentage, of the following formula:

$$\frac{A - B}{B}$$

where

A = 100; and

B = the Asset Percentage on the applicable Calculation Date immediately prior to the occurrence of the Issuer Event.

### *Sale of Selected Loans and their Related Security following an Issuer Event*

Following the occurrence of an Issuer Event which is continuing, the Servicer will be obliged to try to sell Loan Assets and their Related Security in the Cover Pool in respect of the relevant Series of Pass Through Covered Bonds and Accumulation Covered Bonds on or before the first Refinance Date and on or before each Refinance Date thereafter having the Required Outstanding Principal Balance (the **Selected Loans**) in accordance with the Servicing and Cash Management Deed, subject to the rights of pre-emption in favour of the Issuer to remove the Selected Loans from the Cover Pool, in the case of the sale of Selected Loans following an Issuer Event and prior to a breach of the Amortisation Test, provided that where the Amortisation Test was met immediately prior to the proposed sale, that the Amortisation Test will continue to be met following any sale of Selected Loans or the removal of such Selected Loans from the Cover Pool and provided further that where the Amortisation Test has been breached prior to such Selected Loans being sold, the Servicer may sell Selected Loans where the Amortisation Test will not be satisfied after such sale provided that the amount by which the Amortisation Test is breached is not worsened as a result of sale of Selected Loans.

Prior to the Servicer making any offer to sell Selected Loans and their Related Security to third parties, the Servicer will serve on the Issuer a loan offer notice in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Offer Notice**) giving the Issuer the right to prevent the sale by the Servicer of all or part of the Selected Loans to third parties, by removing all or part of the Selected Loans made subject to sale from the Cover Pool and transferring an amount equal to the then Outstanding Principal Balance of the Selected Loans and the relevant portion of all of the arrears of interest and accrued interest relating to such Selected Loans to the Transaction Accounts.

If the Issuer validly accepts the Servicer's offer to remove all or part of the Selected Loans and their Related Security from the Cover Pool by signing the duplicate Selected Loan Offer Notice in a manner indicating acceptance and delivering it to the Trustee and the Servicer within ten Athens Business Days from and including the date of the Selected Loan Offer Notice, the Servicer shall within three Athens Business Days of receipt of such acceptance, serve a selected loan removal notice on the Issuer in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Removal Notice**). Any removal of part of the Selected Loans and their Related Security pursuant to such Selected Loan Removal Notice will be in accordance with the requirements set out under '*Method of Sale of Selected Loans*' below.

The Servicer shall offer for sale the Selected Loans and their Related Security in respect of which the Issuer rejects or fails within the requisite time limit to accept the Servicer's offer to remove the Loans and their Related Security from the Cover Pool in the manner and on the terms set out in the Servicing and Cash Management Deed.

Upon receipt of the Selected Loan Removal Notice duly signed on behalf of the Servicer, the Issuer shall promptly and in any event within two Athens Business Days (i) sign and return a duplicate copy of the Selected Loan Removal Notice to the Servicer, (ii) deliver to the Servicer and the Trustee a solvency certificate stating that the Issuer is, at such time, solvent and (iii) will remove from the Cover Pool the relevant portion of the Selected Loans (as specified in the signed Selected Loan Removal Notice) (and any other Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Loan Removal Notice and where that portion is less than all of the Selected Loans and the Related Security in the portion that is removed shall be chosen from the Selected Loans on a random basis. Completion of the removal all or part of the Selected Loans by the Issuer will take place on the date specified in the Selected Loan Removal Notice (provided that such date is not later than the earlier to occur of the date which is (a) ten Athens Business Days after receipt by the Servicer of the returned Selected Loan Removal Notice and (b) the Extended Final Maturity Date of the relevant Series of Covered Bonds) when the Issuer shall, prior to the removal from the Cover Pool of all or part of the relevant Selected Loans) and any other Loan secured or intended to be secured by that Related Security or any part of it), pay to the Transaction

Accounts an amount in cash equal to the price specified in the relevant Selected Loan Removal Notice.

On the date of completion of the removal of all or part of the Selected Loans and their Related Security in accordance with the above, the Issuer shall ensure that the Selected Loans are removed from the Registration Statement.

Upon such completion of the removal of all or part of the Selected Loans and their Related Security in accordance with above or the sale of all or part of the Selected Loans and their Related Security to a third party or third parties, the Issuer shall cease to be under any further obligation to hold any Customer Files or other documents relating to the relevant removed or sold Selected Loans and their Related Security to the order of the Trustee and, if the Trustee holds such Customer Files or other documents, it will send them to the Issuer at the cost of the Issuer.

**Earliest Maturing Covered Bonds** means, at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the Transaction Accounts) that has or have the earliest Final Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to an Event of Default).

**Pass Through Covered Bonds** means on and following an Issuer Event:

- (a) those Covered Bonds in respect of which the Final Redemption Amount has not been paid in full on the Final Maturity Date (taking into account any grace periods); and
- (b) following a breach of the Amortisation Test, all outstanding Series of Covered Bonds;

*Method of Sale of Selected Loans*

If the Servicer is required to sell Selected Loans and their Related Security to third-party purchasers following an Issuer Event which is continuing, the Servicer will be required to ensure that before offering Selected Loans for sale:

- (a) (unless the Selected Loans comprise the entire Cover Pool):
  - (i) the Selected Loans have been selected from the Cover Pool on a random basis; and
  - (ii) following an Issuer Event but prior to a breach of the Amortisation Test, the Selected Loans to be sold in any sale together (i) constitute all Selected Loans in relation to the relevant Series of Pass Through Covered Bonds and/or Series of Accumulation Covered Bonds, as applicable; or (ii) where not all Selected Loans in relation to all Series of Pass Through Covered Bonds and/or Accumulation Covered Bonds, the Servicer has determined that the sale of such Selected Loans is beneficial to the Issuer having taken into account the costs that will be incurred as a result of the sale;
- (b) the Selected Loans have an aggregate Outstanding Principal Balance (subject in the case of Loans denominated in a currency other than Euro to the Euro Equivalent thereof as determined in accordance with the relevant FX Swap Agreement) in an amount (the **Required Outstanding Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

$$N \times \frac{\text{Outstanding Principal Balance of all Loan Assets in the Cover Pool}}{\text{the Euro Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where N is an amount equal to the Euro Equivalent of the Required Redemption Amount of the relevant Series of Covered Bonds (being each Series of Pass Through Covered Bonds and any applicable Series of Accumulation Covered Bonds) less amounts standing to the credit of the Transaction Accounts (other than amounts standing to the credit of the Reserve Ledger) and the principal amount of any Marketable Assets or Authorised Investments (other than Authorised Investments acquired from amounts standing to the credit of the Reserve Ledger) (excluding all amounts to be applied to pay or provide for higher ranking amounts in the Pre Event Default Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds and excluding any amounts standing to the credit of any Accumulation Ledger or which have been set aside to pay any Series of Covered Bonds) and all Sale Proceeds received from the sale of other Selected Loans or removal of Selected Loans under the right of pre-emption.

For the purposes hereof:

**Required Redemption Amount** means, in respect of a Series of Covered Bonds, the amount calculated as follows:

$$\begin{array}{l} \text{the Principal Amount Outstanding} \\ \text{of the relevant Series of Covered} \\ \text{Bonds} \end{array} \quad \times \quad \begin{array}{l} (1+ \text{Negative Carry Factor} \times (\text{days to next} \\ \text{Interest Payment Date on which the relevant} \\ \text{Series can be redeemed (or, in respect of any} \\ \text{Accumulation Bonds, the Final Maturity} \\ \text{Date})/360)) \end{array}$$

Where **Negative Carry Factor** is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, not be less than 0.50 per cent.

**Euro Equivalent** means, relation to a Series of Covered Bonds which is denominated in (a) a currency other than Euro, the Euro equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Series of Covered Bonds and (b) Euro, the applicable amount in Euro.

The Servicer will offer the Selected Loans for sale to third parties for the best price reasonably available but in any event following, for an amount not less than the Adjusted Required Redemption Amount.

The **Adjusted Required Redemption Amount** means the Euro Equivalent of the Required Redemption Amount, plus or minus (without double counting):

- (i) any swap termination amounts payable to or by the Issuer under a Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds less (where applicable) the principal balance of any Marketable Assets and Authorised Investments (excluding all amounts to be applied on the next following Cover Pool Payment Date to pay or repay higher ranking amounts in the Pre Event of Default Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds and excluding any amounts standing to the credit of an Accumulation Ledger or which have been set aside to pay any Series of Covered Bonds) and all Sale Proceeds received from the sale of other Selected Loans or removal of Selected Loans under the right of pre-emption; plus
- (ii) any swap termination amounts payable to or by the Issuer under an Interest Rate Swap Agreement or any FX Swap Agreement in respect of the relevant Series of Covered Bonds;

- (iii) reasonable costs and expenses associated with sale of Selected Loans and their Related Security and the reasonable costs and expenses of the Portfolio Manager connected with the sale of Selected Loans and their Security.

Following the occurrence of an Issuer Event, the Servicer will as soon as possible and in any event within one calendar month of the First Refinance Date and, if applicable within one month of the occurrence of any further Refinance Date (if applicable), appoint a Portfolio Manager of recognised standing, and which is not an affiliate of the Issuer, on a basis intended to incentivise the Portfolio Manager to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market) via a market auction process and to advise it in relation to the sale of the Selected Loans to third-party purchasers via a market auction process (except where the Issuer exercises its right of pre-emption). For the avoidance of doubt, the Trustee shall not be obliged to appoint a Portfolio Manager should the Servicer fail to do so (and shall have no liability for such failure) and shall not be responsible for determining the identity of the Portfolio Manager to be appointed by the Servicer following a nomination or determining or approving the terms of appointment of a Portfolio Manager.

In respect of any sale of Selected Loans and their Related Security following the occurrence of an Issuer Event which is continuing, the Servicer will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Loans are sold as quickly as reasonably practicable via a market auction process (in accordance with the recommendations of the Portfolio Manager) taking into account the market conditions at that time and, where relevant, the scheduled repayment dates of the Covered Bonds and the terms of the Servicing and Cash Management Deed. The Servicer will ensure that the terms of the appointment of the Portfolio Manager require the Portfolio Manager's actions in respect of any sale of Selected Loans and their Related Security to be in accordance with the provisions of the Servicing and Cash Management Deed. The Servicer will also ensure that the terms of the appointment of the Portfolio Manager require that the costs and expenses incurred by the Portfolio Manager are reasonable.

The Trustee, or its authorised attorney, will not be required to release the Selected Loans and their Related Security from the Registration Statement unless the conditions for Security release under applicable law (other than the Statutory Pledge) are satisfied.

Following the occurrence of an Issuer Event which is continuing, if third parties accept the offer or offers from the Servicer (or the Portfolio Manager on behalf of the Servicer, if a Portfolio Manager has been appointed) then the Servicer will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant third-party purchasers which will require, *inter alia*, a cash payment from the relevant third party purchasers. Any such sale will not include any representations and warranties from the Servicer, Portfolio Manager or the Issuer in respect of the Loans and their Related Security unless expressly agreed by the Servicer.

Any Sale Proceeds received from the sale of the Selected Loans and their Related Security will be applied by the Issuer on the next following Cover Pool Payment Date as Cover Pool Available Funds.

**First Refinance Date** means the earlier to occur of (i) the date on which any Series of Covered Bonds becomes Pass-Through Covered Bonds or Accumulation Covered Bonds; or (ii) at any time after an Issuer Event has occurred and is outstanding, the Athens Business Day falling six months before the Final Maturity Date of the Earliest Maturing Covered Bonds.

**Portfolio Manager** means a portfolio manager appointed by the Servicer (pursuant to the Servicing and Cash Management Deed), to sell Selected Loans and their Related Security on behalf of the Servicer.

**Refinance Date** means each of the First Refinance Date and each date falling at six monthly intervals thereafter.

**Sale Proceeds** means the cash proceeds realised from the sale of Selected Loans and their Related Security or their removal from the Cover Pool by the Issuer pursuant to the Servicing and Cash Management Deed, including where that removal is pursuant to the Issuer's right of pre-emption under the Servicing and Cash Management Deed.

#### *Amendment to definitions*

Under the Servicing and Cash Management Deed, the parties have agreed that the definitions of Individual Eligibility Criteria, Cover Pool, Cover Pool Asset, Statutory Test and Amortisation Test may be amended by the Issuer from time to time as a consequence of, *inter alia*, including in the Cover Pool, Cover Pool Assets which have characteristics other than those pertaining to the Initial Assets and/or changes to the hedging policies or servicing and collection procedures of Eurobank.

Any such amendment may be effected provided that S&P confirms in writing to the Issuer that the then current ratings of any outstanding Series of Covered Bonds is not negatively affected as a result thereof.

#### *Collection Accounts*

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

A **Segregation Event** shall have occurred if Eurobank is downgraded to or below the Minimum Credit Rating.

Prior to a Segregation Event, Eurobank will be entitled to draw sums from time to time standing to the credit of the Collection Accounts in addition to any funds available to it for any purpose including to make payments on the Covered Bonds.

Following the occurrence of a Segregation Event, but prior to the occurrence of an Issuer Event, (i) all amounts deposited shall remain in the Collection Accounts for the benefit of the holders of the Covered Bonds and the other Secured Creditors and (ii) Eurobank shall only be entitled to withdraw Excess Amounts from the Collection Accounts.

**Excess Amounts** means, on any Athens Business Day, the amount (if any) standing to the credit of the Collection Accounts that is in excess of the amount required to make all payments due by the Issuer in connection with any Covered Bonds issued under the Programme on the immediately following Cover Pool Payment Date.

If Eurobank's rating(s) are reinstated above the level at which a Segregation Event occurs and so long as no Issuer Event has occurred and is continuing, then Eurobank will be entitled to draw sums

standing to the credit of the Collection Accounts and make payments on the Covered Bonds using any funds available to it.

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

#### *Transaction Accounts*

On or about the Programme Closing Date, a separate Swiss franc denominated account will be established with the Account Bank (the **CHF Transaction Account**) and a separate euro denominated account established with the Account Bank (the **EUR Transaction Account** and together with the CHF Transaction Account, the **Transaction Accounts**). Prior to the occurrence of a Segregation Event or an Issuer Event, Eurobank will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Accounts, if any, that are in excess of the sum of (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Reserve Fund Required Amount. Following the occurrence of a Segregation Event, Eurobank shall no longer be entitled to withdraw moneys from the Transaction Accounts other than for purposes of making payments in accordance with the Pre Event of Default Priority of Payments. If Eurobank's rating(s) are reinstated above the level at which a Segregation Event occurs, and so long as no Issuer Event has occurred, then Eurobank will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Accounts, if any, that are in excess of the sum of (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Reserve Fund Required Amount.

Following the occurrence of an Issuer Event (as defined above) which is continuing (i) the Issuer shall transfer any amounts it receives in respect of any Cover Pool Assets (including any Subsidy Payments) to the Transaction Accounts within two Athens Business Days of receipt and (ii) provide notification to all Borrowers that any and all future payments due under the Cover Pool Assets are henceforth to be effected a Swiss franc denominated bank account opened in the name of the Issuer with a Greek credit institution or a Greek branch of a foreign credit institution which is an Eligible Institution (the **CHF Third Party Collection Account**) or a euro denominated bank account opened in the name of the Issuer with a Greek credit institution or a Greek branch of a foreign credit institution which is an Eligible Institution (the **EUR Third Party Collection Account**, together with the CHF Third Party Collection Account, the **Third Party Collection Accounts**) (as appropriate). The Servicer shall procure that all amounts deposited into the Third Party Collection Accounts shall be transferred to the Transaction Accounts within one Athens Business Day of receipt. Following an Issuer Event, the Transaction Accounts will be used for the crediting of, *inter alia*, moneys received in respect of the Cover Pool Assets included in the Cover Pool or to effect a payment in respect of the Covered Bonds including the following amounts:

- (a) any amounts standing to the credit of the Collection Accounts (or the Third Party Collection Accounts);
- (b) any amounts required to be paid to the Reserve Ledger;
- (c) any Subsidy Payments received from OEK and/or the Greek State and/or any other Greek State Subsidised entity;
- (d) any amounts received by the Issuer in respect of the Loan Assets and the Marketable Assets;
- (e) any amounts credited by the Issuer for effecting payments on the Covered Bonds;

- (f) any amounts deposited by the Issuer when effecting optional substitution of Cover Pool Assets (including any amount deposited by the Issuer to prevent a sale of the Loan Assets to a third party);
- (g) any amounts transferred by the Servicer in connection with the sale of Cover Pool Assets;
- (h) any amounts paid to the Issuer by the Hedging Counterparties under the Hedging Agreements; and
- (i) any amounts deriving from maturity of Authorised Investments carried out by the Servicer in accordance with the terms of the Servicing and Cash Management Deed.

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

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

Following an Issuer Event, the Servicer and the Issuer (to the extent that Eurobank is no longer the Servicer) shall procure that all payments in respect of the Cover Pool Assets (excluding any Subsidy Payments) are directed into the Third Party Collection Accounts and that all such amounts are transferred into the Transaction Accounts within one Athens Business Day of receipt.

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

#### *Reserve Ledger*

The Servicer will establish a ledger on the Transaction Accounts to be called the **Reserve Ledger**.

On each Calculation Date from and including the Calculation Date immediately following the establishment of the Reserve Ledger, the Servicer will deposit the Reserve Ledger Required Amount into the Transaction Account (with a corresponding credit to the Reserve Ledger).

On each Cover Pool Payment Date, the Servicer shall debit an amount equal to the Reserve Ledger Withdrawal Amount and apply such funds as Covered Bonds Available Funds.

On each Cover Pool Payment Date, the Servicer shall deposit an amount equal to the Reserve Ledger Required Amount into the Transaction Accounts (with a corresponding credit to the Reserve Ledger).

The Servicer shall invest all amounts standing to the credit of the Reserve Ledger in Authorised Investments.

**Reserve Ledger Required Amount** means an amount calculated as at each Calculation Date equal to the amount that will be required to be paid by the Issuer in respect of the Covered Bonds in respect of interest (in respect of those Covered Bonds where there is no Swap Agreement in place) and all amounts to be paid to a Covered Bond Swap Provider (in respect of those Covered Bonds where there is a Swap Agreement in place) (other than any principal exchange amounts) and all amounts paid to the other Secured Creditors for the immediately following twelve month period from and including the Cover Pool Payment Date to which such Calculation Date relates;

**Reserve Ledger Withdrawal Amount** means on each Cover Pool Payment Date, an amount drawn from the Reserve Ledger to be applied as Covered Bonds Available Funds to the extent such amount



is required to satisfy any payments required to be made by the Issuer under items (a) to (e) of the Pre Event of Default Priority of Payments;

**Authorised Investments** means each of:

- (a) Euro or CHF denominated demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that in all cases such investments are rated at least BBB- or A-3 by S&P, have a remaining period to maturity of 60 days or less and mature on or before the next following Cover Pool Payment Date and (i) the long-term or short-term issuer default rating of the issuing or guaranteeing entity or the entity with which the demand or the deposits are made are rated at least BBB- by S&P and (ii) the short-term, unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least A-3, respectively by S&P; and
- (b) Euro or CHF denominated government and public securities or money market funds, provided that such investments have a remaining period to maturity of 60 days or less and mature on or before the next following Cover Pool Payment Date and which are rated at least BBB- or A-3 by S&P,

provided that such Authorised Investments satisfy the requirements for eligible assets that can collateralise covered bonds under paragraph I.2(a) of the Secondary Covered Bond Legislation.

#### *Accumulation Ledger*

The Servicer will establish a ledger on the Transaction Accounts to be called the **Accumulation Ledger**.

The Accumulation Ledger will have separate sub-ledgers (each an **Accumulation Sub-Ledger** related to each Series of Accumulation Covered Bonds).

Following the occurrence of an Issuer Event, the Servicer shall credit the relevant Accumulation Sub-Ledger with the amount allocated to the related Series of Accumulation Covered Bonds in accordance with the Priority of Payments.

Any amount standing to the credit of the relevant Accumulation Sub-Ledger on the Final Maturity Date (but prior to a breach of the Amortisation Test) of the relevant Series of Covered Bonds will be applied:

- (i) to pay (in whole or in part) the Final Redemption Amount in respect of the relevant Series; and
- (ii) thereafter applied as Covered Bond Available Funds.

Following a breach of the Amortisation Test or the occurrence of an Event of Default all amounts credited to the relevant Accumulation Sub-Ledger will be applied as Covered Bond Available Funds (such amounts, together with amounts applied in (ii) above, the **Excess Accumulation Receipts**).

#### *Law and Jurisdiction*

The Servicing and Cash Management Deed will be governed by English law.

## Asset Monitor Agreement

The Asset Monitor has agreed, subject to due receipt of the information to be provided by the Servicer to the Asset Monitor, to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Servicer, prior to service of a Notice of Default, on the Applicable Calculation Date immediately prior to each anniversary of the Programme Closing Date with a view to confirmation of compliance by the Issuer with the Statutory Tests or the Amortisation Test, as applicable, on that Applicable Calculation Date. If and for so long as the long-term ratings of the Issuer or the Servicer are below BBB- by S&P, or following the occurrence of an Issuer Event, the Asset Monitor will, subject to receipt of the relevant information from the Servicer within the agreed timeframe, be required to conduct such tests following each Applicable Calculation Date.

Following a determination by the Asset Monitor of any errors in the arithmetical accuracy of the calculations performed by the Servicer such that the Statutory Tests have failed on the Applicable Calculation Date (where the Servicer had recorded it as being satisfied), or the Nominal Value or the Net Present Value is mis-stated by an amount exceeding two per cent. of the Nominal Value (as at the date of the relevant Nominal Value Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests following each Applicable Calculation Date for a period of six months thereafter.

The Asset Monitor is entitled to assume that all information provided to it by the Servicer for the purpose of conducting such tests is true and correct and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The Asset Monitor will deliver a report (the **Asset Monitor Report**) to the Servicer, the Issuer and, if so requested, to the Trustee.

The Issuer or the Servicer will ensure that a copy of the Asset Monitor Report is sent to the Bank of Greece for the purposes of the Greek Covered Bond Legislation at least once per annum.

Following the Programme Closing Date, the Issuer or the Servicer, as applicable, will pay to the Asset Monitor a fee for the tests to be performed by the Asset Monitor.

The Issuer (or after the occurrence of an Issuer Event, the Servicer) may, at any time, but subject to the prior written consent of the Trustee, terminate the appointment of the Asset Monitor by giving at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the Issuer (or after the occurrence of an Issuer Event, the Servicer) (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing)) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement (or substantially similar duties).

The Asset Monitor may, at any time, resign by giving at least 30 days' prior written notice to the Issuer and the Trustee (copied to the Rating Agencies), and may resign by giving immediate notice in the event of a professional conflict of interest caused by the action of any recipient of its reports.

Upon the Asset Monitor giving 30 days' prior written notice of resignation, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall immediately use all reasonable endeavours to appoint a replacement (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing)) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement. If a replacement is not appointed by the date which is 30 days prior to the date when tests are to be carried out in accordance with the terms of the Asset Monitor Agreement, then the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall use all reasonable endeavours to appoint an accountancy firm of national standing to

carry out the relevant tests on a one-off basis, provided that such appointment is approved by the Trustee.

The Trustee will not be obliged to act as Asset Monitor in any circumstances.

#### *Law and Jurisdiction*

The Asset Monitor Agreement will be governed by English law.

#### **Trust Deed**

The Trust Deed, made between the Issuer and the Trustee on the Programme Closing Date appoints the Trustee to act as the bondholders representative. As such, the Trustee will act as a representative in accordance with paragraph 2 of Article 152. The Trust Deed contains provisions relating to, *inter alia*:

- (a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under Terms and Conditions of the Covered Bonds above);
- (b) the covenants of the Issuer;
- (c) the enforcement procedures relating to the Covered Bonds; and
- (d) the appointment powers and responsibilities of the Trustee and the circumstances in which the Trustee may resign or be removed.

#### *Law and Jurisdiction*

The Trust Deed will be governed by English law.

#### **Agency Agreement**

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

For the purposes of Condition 5.2(b)(ii) of the Terms and Conditions, the Agency Agreement provides that if the Relevant Screen Page is not available or if, no offered quotation appears or if fewer than three offered quotations appear, in each case as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR (the **Specified Time**)), the Principal Paying Agent shall request each of the reference banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the reference rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the reference banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

For the purposes of Condition 5.2(b)(ii) of the Terms and Conditions, the Agency Agreement also provides that if on any Interest Determination Date one only or none of the reference banks provides

the Principal Paying Agent with an offered quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the reference banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the reference rate by leading banks in the London inter-bank market (if the reference rate is LIBOR) or the Euro-zone inter-bank market (if the reference rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the reference banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the reference rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the reference rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the reference rate is LIBOR) or the Euro-zone inter-bank market (if the reference rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Clause, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

#### *Law and Jurisdiction*

The Agency Agreement will be governed by English law.

For the purposes of this section "Agency Agreement" any capitalised terms have the meanings given to them in the Terms and Conditions of the Covered Bonds above.

#### **Deed of Charge**

Pursuant to the terms of the Deed of Charge entered into on the Programme Closing Date by the Issuer, the Trustee and the other Secured Creditors, the Secured Obligations of the Issuer and all other obligations of the Issuer under or pursuant to the Transaction Documents to which it is a party are secured, *inter alia*, by the following security over the following property, assets and rights (the **Deed of Charge Security**):

- (a) an assignment by way of first fixed security over all of the Issuer's interests, rights and entitlements under and in respect of any Transaction Document to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party;
- (b) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Bank Accounts and all amounts standing to the credit of the Bank Accounts; and
- (c) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Issuer in respect of all Authorised Investments and Marketable Assets (to the extent governed by English law) purchased from time to time from amounts standing to the credit of any Issuer Account.

In addition, to secure its obligations under the Covered Bonds the Issuer has, pursuant to paragraph 4 of Article 152, created a pledge over the Cover Pool (which consists principally of the Issuer's interest

in the Loan Assets and certain Marketable Assets). The Deed of Charge will also provide that (other than in certain limited circumstances) only the Trustee may enforce the security created under the Deed of Charge. The proceeds of any such enforcement of the Deed of Charge will be required to be applied in accordance with the order of priority set out in the Post Event of Default Priority of Payments.

#### *Release of Security*

In accordance with the terms of the Deed of Charge all amounts which the Servicer (on behalf of the Issuer and the Trustee or its appointee) is permitted to withdraw from the Transaction Accounts pursuant to the terms of the Deed of Charge will be released from the Deed of Charge Security. In addition, upon the Issuer or the Servicer making a disposal of an Authorised Investment or Marketable Assets (to the extent governed by English law) charged under the Deed of Charge and provided that the proceeds of such disposal are paid into the Transaction Accounts in accordance with the terms of the Servicing and Cash Management Deed, that Authorised Investment or Marketable Assets (to the extent governed by English law) will be released from the Deed of Charge Security.

At such time that all of the obligations owing by the Issuer to the Secured Creditors have been discharged in full, the Trustee will, at the cost of the Issuer, take whatever action is necessary to release the Charged Property from the Deed of Charge Security to, or to the order of, the Issuer.

#### *Enforcement*

If a Notice of Default is served on the Issuer, the Trustee shall be entitled to appoint a Receiver, and/or enforce the Deed of Charge Security constituted by the Deed of Charge, and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction. All proceeds received by the Trustee from the enforcement of the Deed of Charge Security will be applied in accordance with the Post Event of Default Priority of Payments.

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

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

due and payable to the Secured Creditors, other than the Covered Bondholders and (d) to pay any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;

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

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

#### *Law and Jurisdiction*

The Deed of Charge will be governed by English law (except in relation to the Statutory Pledge which shall be governed by Greek law).

#### **Interest Rate Swap Agreement**

Some of the Loan Assets in the Cover Pool will pay from time to time a variable rate of interest for a period of time that may either be linked to the standard variable rate of the Issuer (the **Issuer Standard Variable Rate**) or linked to an interest rate other than the Issuer Standard Variable Rate, such as EURIBOR or a rate that tracks the ECB base rate. Other Loan Assets will pay a fixed rate of interest for a period of time. However, the Euro payments to be made by the Issuer under the Covered Bonds or under each of the Covered Bond Swaps may vary. To provide a hedge against the possible variance between:

- (a) the rates of interest payable on the Loan Assets in the Cover Pool; and
- (b) payments by the Issuer under the Covered Bonds or the Covered Bond Swaps,

the Issuer, the provider of the Interest Rate Swaps (each such provider, an **Interest Rate Swap Provider**) and the Trustee may enter into one or more interest rate swap transactions in respect of each Series of Covered Bonds under an **Interest Rate Swap Agreement** (each such transaction an **Interest Rate Swap**).

Under the terms of each Interest Rate Swap, in the event that the relevant rating of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the Interest Rate Swap Agreement, the Interest Rate Swap Provider may, in accordance with the Interest Rate Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Interest Rate Swaps, arranging for its obligations under the Interest Rate Swaps to be transferred to an entity with ratings sufficient to meet the then-current criteria of each of the Rating Agencies, procuring another entity with ratings sufficient to meet the then-current criteria of each of the Rating Agencies to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swaps (such guarantee to be provided in accordance with the then-current guarantee criteria of each of the Rating Agencies), or taking such other action as it may agree with the relevant Rating Agency. A failure to take such steps within the periods set out in the Interest Rate Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the Interest Rate Swap Agreement (each referred to as an **Interest Rate Swap Early Termination Event**), which may include:

- at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the Interest Rate Swap Agreement; and
- upon the occurrence of the insolvency of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations, or the merger of the Interest Rate Swap Provider without an assumption of its obligations under the Interest Rate Swap Agreement.

Upon the termination of an Interest Rate Swap pursuant to an Interest Rate Swap Early Termination Event, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Interest Rate Swap Provider to the Issuer in respect of an Interest Rate Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Interest Rate Swap Provider to enter into a replacement Interest Rate Swap with the Issuer, unless a replacement Interest Rate Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Interest Rate Swap Provider in respect of a replacement Interest Rate Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Interest Rate Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of an Interest Rate Swap will first be used to reimburse the relevant Interest Rate Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Interest Rate Swap.

If a withholding or deduction for or on account of taxes is imposed on payments made by the Interest Rate Swap Provider to the Issuer under the Interest Rate Swaps, the Interest Rate Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swaps, the Issuer shall not be obliged to gross up those payments.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Interest Rate Swap Provider directly and not via the Priorities of Payments.

The Interest Rate Swap Provider may transfer all its interest and obligations in and under the relevant Interest Rate Swap Agreement to a transferee with minimum ratings in line with the criteria of by the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions. If the Issuer is required to sell Selected Loans in the Cover Pool following the occurrence of an Issuer Event then, to the extent that such Selected Loans include Fixed Rate Loans, the Issuer may either:

- (a) require that the Interest Rate Swaps in connection with such Selected Loans partially terminate to the extent that such Selected Loans include Fixed Rate Loans and any breakage costs payable by or to the Issuer in connection with such termination will, following the occurrence of an Issuer Event, be taken into account in calculating the Cover Pool Payment Date for the sale of the Selected Loans; or
- (b) request that the Interest Rate Swaps in connection with such Selected Loans be partially novated to the purchaser of such Fixed Rate Loans to the extent that such Selected Loans

include Fixed Rate Loans, such that each purchaser of Selected Loans will thereby become party to a separate interest rate swap transaction with the Interest Rate Swap Provider.

### *Law and Jurisdiction*

Each Interest Rate Swap Agreement (and each Interest Rate Swap thereunder) will be governed by English law.

### **Covered Bond Swap Agreements**

The Issuer may enter into one or more covered bond swap transactions with one or more Covered Bond Swap Providers and the Trustee in respect of each Series of Covered Bonds (each such transaction a **Covered Bond Swap**). Each Covered Bond Swap may be either a Forward Starting Covered Bond Swap or a Non-Forward Starting Covered Bond Swap and each will constitute the sole Transaction under a single **Covered Bond Swap Agreement** (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**).

Each Forward Starting Covered Bond Swap will provide a hedge (after the occurrence of an Issuer Event) against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the Loans and any relevant Interest Rate Swaps and amounts payable by the Issuer in respect of the Covered Bonds (**Forward Starting Covered Bond Swap**).

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the Loans and any relevant Interest Rate Swaps and amounts payable by the Issuer in respect of the Covered Bonds (**Non-Forward Starting Covered Bond Swap**).

Where required to hedge such risks, there may be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**).

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date, after the occurrence of an Issuer Event, an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable in respect of the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euro calculated by reference to Euro EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.

Under the Non-Forward Starting Covered Bond Swaps on the relevant Issue Date, the Issuer (or the Servicer on its behalf) will, if the Covered Bonds are denominated in a currency other than Euro, pay to the Covered Bond Swap Provider an amount equal to the relevant portion of the amount received by the Issuer in respect of the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds and in return the Covered Bond Swap Provider will pay to the Issuer the Euro Equivalent of the first-mentioned amount. Thereafter, and where the Covered Bonds are denominated in Euro, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euros calculated by reference to EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.



Under the terms of each Forward Starting Covered Bond Swap and each Non-Forward Starting Covered Bond Swap, in the event that the relevant rating of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the relevant Covered Bond Swap Agreement (in accordance with the requirements of the Rating Agencies), the Covered Bond Swap Provider may, in accordance with the relevant Covered Bond Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Covered Bond Swap, arranging for its obligations under the Covered Bond Swap to be transferred to an entity with the ratings required by the relevant Rating Agency, procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Covered Bond Swap Agreement (such guarantee to be provided in accordance with the then-current guarantee criteria of each of the Rating Agencies), or taking such other action as it may agree with the relevant Rating Agency. In addition, if the net exposure of the Issuer against the Covered Bond Swap Provider under the relevant Covered Bond Swap exceeds the threshold specified in the relevant Covered Bond Swap Agreement, the Covered Bond Swap Provider may be required to provide collateral for its obligations. A failure to take such steps within the time periods set out in the Covered Bond Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the Covered Bond Swap.

A Covered Bond Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the relevant Covered Bond Swap Agreement (each referred to as a **Covered Bond Swap Early Termination Event**), which may include:

- (a) at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under such Covered Bond Swap Agreement; and
- (b) upon the occurrence of an insolvency of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations, or the merger of the Covered Bond Swap Provider without an assumption of its obligations under the relevant Covered Bond Swap Agreement.

Upon the termination of a Covered Bond Swap, the Issuer or the Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant Covered Bond Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Covered Bond Swap Provider to the Issuer in respect of a Covered Bond Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Covered Bond Swap Provider to enter into a replacement Covered Bond Swap with the Issuer, unless a replacement Covered Bond Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Covered Bond Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of a Covered Bond Swap will first be used to reimburse the relevant Covered Bond Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes. Duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Covered Bond Swap.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Covered Bond Swap Provider directly and not via the Priorities of Payments.

If withholding or deduction for or on account of taxes is imposed on payments made by the Covered Bond Swap Provider to the Issuer under a Covered Bond Swap, the Covered Bond Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal

to the amount which would have been received in the absence of such withholding or deduction. If withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Covered Bond Swap Provider under a Covered Bond Swap, the Issuer shall not be obliged to gross up those payments.

The Covered Bond Swap Provider may transfer all its interest and obligations in and under the relevant Covered Bond Swap Agreement to a transferee with minimum ratings in line with the criteria of each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Terms and Conditions, the Covered Bond Swap(s) in connection with such Covered Bonds will terminate or partially terminate, as the case may be. Any breakage costs payable by or to the Issuer in connection with such termination may be taken into account in calculating:

- (a) the Cover Pool Payment Date for the sale of Selected Loans; and
- (b) the purchase price to be paid for any Covered Bonds purchased by the Issuer in accordance with Condition 7.7 (*Purchases*).

#### *Law and Jurisdiction*

Each Covered Bond Swap Agreement (and each Covered Bond Swap thereunder) will be governed by **English law**.

#### **FX Swap Agreements**

Some of the Loan Assets in the Cover Pool may be denominated in a currency other than euro and will either pay a variable rate of interest for a period of time that may either be linked to a specified interest rate, such as LIBOR or a rate that tracks a specific base rate or will pay a fixed rate of interest for a period of time. As noted above, the Issuer will make payments to each Covered Bond Swap Provider in euro. To provide a hedge against the possible variance between:

- (a) the currency of the relevant Loan Assets and the rates of interest payable on such Loan Assets in the Cover Pool; and
- (b) the euro payments to be made by the Issuer under the Covered Bond Swaps,

the Issuer, the provider of the fx swap (each such provider, an **FX Swap Provider**) and the Trustee may enter into one or more fx swap transactions in respect of the Loans in the Cover Pool which are denominated in a currency other than euro under one or more FX swap agreements (each, an **FX Swap Agreement** and each such transaction an **FX Swap**).

Under the terms of each FX Swap, in the event that the relevant rating of the FX Swap Provider or any guarantor of the FX Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the FX Swap Agreement (in accordance with the requirements of the Rating Agency) for the FX Swap Provider or any guarantor of the FX Swap Provider's obligations, the FX Swap Provider may, in accordance with the FX Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations in respect of the FX Swaps, arranging for its obligations under the FX Swaps to be transferred to an entity with ratings required by the relevant Rating Agency, procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the FX Swaps (such guarantee to be provided in accordance with then current guarantee criteria of the Rating Agency), or taking such other action as it may agree with the relevant Rating Agency. A failure to take such steps

within the periods set out in the FX Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the FX Swap Agreement.

The FX Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the FX Swap Agreement (each referred to as an **FX Swap Early Termination Event**), which may include:

- at the option of a party to the FX Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the FX Swap Agreement; and
- at the option of the Issuer, upon the occurrence of the insolvency of the FX Swap Provider or any guarantor of the FX Swap Provider's obligations, or the merger of the FX Swap Provider without an assumption of its obligations under the FX Swap Agreement.

Upon the termination of a FX Swap pursuant to an FX Swap Early Termination Event, the Issuer or the FX Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the FX Swap Agreement. The amount of this termination payment will be calculated and made in euro. Any termination payment made by the FX Swap Provider to the Issuer in respect of an FX Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement FX Swap Provider to enter into a replacement FX Swap with the Issuer, unless a replacement FX Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement FX Swap Provider in respect of a replacement FX Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous FX Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of a FX Swap will first be used to reimburse the relevant FX Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant FX Swap.

If a withholding or deduction for or on account of taxes is imposed on payments made by the FX Swap Provider to the Issuer under the FX Swaps, the FX Swap Provider shall always be obliged to gross-up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the FX Swap Provider under the FX Swaps, the Issuer shall not be obliged to gross-up those payments.

The FX Swap Provider may transfer all its interest and obligations in and under the relevant FX Swap Agreement to a transferee with the minimum ratings in line with the criteria of the Rating Agency, without any prior written consent of the Trustee, subject to certain conditions.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the FX Swap Provider directly and not via the Priorities of Payments.

The FX Swap Provider may transfer all its interest and obligations in and under the relevant FX Swap Agreement to a transferee with minimum ratings in line with the criteria of the Rating Agency, without any prior written consent of the Trustee, subject to certain conditions. The terms of an FX Swap Agreement may provide that if the Issuer is required to sell Selected Loans in the Cover Pool following the occurrence of an Issuer Event then, to the extent that such Selected Loans include Fixed Rate Loans, the Issuer may:

- (a) require that the FX Swaps in connection with such Selected Loans partially terminate to the extent that such Selected Loans include Fixed Rate Loans and any breakage costs payable by or to the Issuer in connection with such termination will, following the occurrence of an

Issuer Event, be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or

- (b) request that the FX Swaps in connection with such Selected Loans be partially novated to the purchaser of such Fixed Rate Loans to the extent that such Selected Loans include Fixed Rate Loans, such that each purchaser of Selected Loans will thereby become party to a separate FX Swap transaction with the FX Swap Provider.

#### *Law and Jurisdiction*

Each FX Swap Agreement (and each FX Swap thereunder) will be governed by English law.

#### **Bank Account Agreement**

Pursuant to the terms of the Bank Account Agreement to be entered into on the Programme Closing Date between the Account Bank, the Issuer, the Servicer and the Trustee, the Servicer will maintain with the Account Bank the Bank Accounts, which will be operated in accordance with the Servicing and Cash Management Deed and the Deed of Charge.

If the long-term issuer default rating of the Account Bank falls below BBB- by S&P (or such other ratings that may be agreed between the parties to the Bank Account Agreement and the relevant Rating Agency from time to time), then unless the Account Bank within 30 calendar days of such occurrence obtains an unconditional and unlimited guarantee of its obligations under the Bank Account Agreement from a financial institution having the long-term issuer default ratings at least equal to BBB- by S&P (and such Rating Agency has been notified), then:

- the Bank Account Agreement will be terminated in respect of the Account Bank provided that no such termination in accordance with the Bank Account Agreement shall occur later than 60 days or earlier than 45 days following the Account Bank ceasing to be an Eligible Institution; and
- the Bank Accounts will be closed and all amounts standing to the credit thereof shall be transferred to accounts held with a bank with a long-term issuer default rating of BBB- by S&P.

The Account Bank shall be responsible for its own costs (and, for the avoidance of doubt, shall not be responsible for the costs of any other party) arising from any remedial action taken by the Account Bank following the circumstances as set out in the Bank Account Agreement and the Servicing and Cash Management Deed.

The Bank Account Agreement will be governed by English law.

#### **Issuer-ICSDs Agreement**

The Issuer will enter into an Issuer-ICSDs Agreement with Euroclear Bank S.A./N.V. and Clearstream Banking SA (the **ICSDs**) in respect of any Covered Bonds issued in NGCB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGCBs, maintain their respective portion of the issue outstanding amount through their records.

The Issuer-ICSDs Agreement will be governed by English law.

## TAXATION

### Greece

*The following summary describes certain Greek taxation consequences of the purchase, ownership and disposal of Covered Bonds, is of a general nature and is based on the provisions of tax laws currently in force in Greece. The summary below does not constitute a complete analysis of all the possible tax considerations that may be relevant to your decision to purchase, own or dispose of the Covered Bonds and therefore, potential investors should consult their own tax advisers as to the tax consequences of such purchase, ownership and disposal. This summary is based on current Greek tax legislation and administrative practice of the Greek tax Authorities, without taking into account any developments or amendments thereof after the date hereof whether or not such developments or amendments have retroactive effect.*

### **Income Tax**

Pursuant to article 69 par. 9 Greek Law 3746/2009, in conjunction with article 91 of Greek Law 3601/2007 and articles 152 and 166 par. 1 of Greek Law 4261/2014, interest payments made on covered bonds issued under article 152 of Greek Law 4261/2014, as is the case with Covered Bonds, have the same tax treatment with the interest payments made on bonds issued by the Hellenic Republic. Further to this, according to article 37 par. 2 of Greek Law 4172/2013 (the **Income Tax Code**), interest earned by individual taxpayers from bonds issued by the Hellenic Republic is exempt from income tax, whereas according to article 64 par. 9 of the Income Tax Code, legal persons and legal entities that are not Greek tax residents and do not have a permanent establishment in Greece are exempt from any withholding tax on the interest payments received on Covered Bonds. It should be noted that in order to benefit from the interest payment exception of article 64 par. 9 of the Income Tax Code, the foreign legal persons and legal entities that do not have a permanent establishment in Greece should submit to the financial or credit institutions a certificate from the competent foreign authorities certifying the registered seat of such foreign legal persons or legal entities or their articles of association (provision 17 of the circular of the Minister of Finance no. 1042/26.01.2015). In the absence of written guidelines, it remains unclear whether after the enactment of the Income Tax Code, the aforementioned provision of Greek Law 3746/2009 remains in force. If this is not the case, the interest income realized by the above-mentioned holders of Covered Bonds will fall under the scope of application of the Income Tax Code and will be subject to the following taxation.

Pursuant to the Income Tax Code, as in force, interest payments made to Covered Bondholders (individuals or legal persons or legal entities) who neither reside nor maintain a permanent establishment in Greece for Greek law tax purposes to which the Covered Bonds are attributable (the **Non-Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of 15 per cent., if such payments are made to Non-Resident Covered Bondholders by the Issuer or by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. Such withholding tax exhausts the income tax liability of Non-Resident Covered Bondholders, both individuals and legal persons or legal entities, subject to the submission of relevant documentation evidencing their tax residence; further, such tax rate may be reduced or eliminated on the basis of the provisions of any applicable tax treaty for the avoidance of double taxation of income and the prevention of tax evasion (a **DTT**) entered into between Greece and the jurisdiction in which such Covered Bondholder is a tax resident.

In addition, Covered Bondholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes to which the interest income is attributable (the **Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of fifteen per cent. (15

per cent.), if such payments are made directly to Resident Covered Bondholders by the Issuer or by a paying agent or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. This withholding exhausts the income tax liability of Resident Covered Bondholders who are individuals, while it does not for other types of Covered Bondholders.

#### *Capital gains realized from the transfer of Covered Bonds*

The Greek Ministry of Finance has issued a circular clarifying that pursuant to article 14 of Greek Law 3156/2003 capital gains realized from the transfer of corporate bonds are exempted from taxation in Greece. The provisions of law 3156/2003 also apply to Covered Bonds by virtue of article 152 of Greek Law 4261/2014. If the capital gains' beneficiaries are Greek legal persons or legal entities, or foreign legal persons or legal entities which have a permanent establishment in Greece to which the capital gains are attributable, no exemption is granted but the corporate taxation is under conditions deferred up to their distribution to the shareholders or capitalisation.

#### *Special Solidarity Levy*

Covered Bondholders who are individuals must include in their taxable basis for purposes of application of Special Solidarity Levy any interest paid under the Covered Bonds and any capital gains realised from the transfer thereof. For fiscal years starting as of 1 January 2016, such levy is imposed on the overall income reported in Greece, both taxable and tax exempt, at a progressive tax scale starting from 2.2 per cent., with a tax free bracket of EUR 12,000 and a marginal rate of 10 per cent..

#### *Value Added Tax*

No value added tax is payable upon disposal of the Covered Bonds (pursuant to Article 22(1)(ka) of Greek Law 2859/2000).

#### *Death Duties and Taxation on Gifts*

The Covered Bonds are subject to Greek inheritance tax if the deceased holder of Covered Bonds had been resident of Greece or a Greek national.

The rates of inheritance tax vary from 0 per cent. to 40 per cent., depending on the relationship between the heir and the deceased.

A gift of Covered Bonds is subject to Greek tax if the holder of the Covered Bonds (donor) is a Greek national or if the recipient thereof is a Greek national or resident.

The rates of gift tax vary from 0 per cent. to 40 per cent. depending on the relationship between the donor and the recipient.

#### *Stamp Duty*

Pursuant to Article 14 of Greek Law 3156/2003 in conjunction with article 152 of Greek Law 4261/2014, the issuance or transfer of Covered Bonds is exempt from Greek stamp duty.

#### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as **FATCA**, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for

these purposes. A number of jurisdictions (including Greece) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds (as described under "*Terms and Conditions of the Covered Bonds – Further Issues*") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of withholding.

### **EU financial transaction tax**

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**) for a financial transaction tax (**FTT**) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate (the **participating member states**)). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply certain dealings in Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

It should also be noted that the FTT could be payable in relation to relevant financial transactions by investors in respect of the Covered Bonds (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

## **Luxembourg Taxation**

*The following information is of a general nature only and is 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. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar, or to any other concepts, refers to Luxembourg tax law and/or concepts only.*

### **Withholding Tax**

#### *(a) Non-resident holders of Covered Bonds*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

#### *(b) Resident holders of Covered Bonds*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (as amended) (the **Relibi Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the paying agent. Accordingly, payments of interest under the Covered Bonds coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.



## SUBSCRIPTION AND SALE

Covered Bonds may be issued from time to time by the Issuer to any of the Dealer(s). The arrangements under which Covered Bonds may from time to time be agreed to be issued by the Issuer to, and subscribed by, the Dealer(s) are set out in a Programme Agreement dated 15 October 2018 (such Programme Agreement as may be amended and/or supplemented and or restated from time to time, (the **Programme Agreement**) and made between the Issuer and the Dealer(s). Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds. The Programme Agreement will be supplemented on or around the date of each issuance by Subscription Agreement, which will set out, *inter alia*, the relevant underwriting commitments.

### United States

The Covered Bonds have not been and will not be registered under the Securities Act and the Covered Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and U.S. Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether C Rules or D Rules apply or whether TEFRA is not applicable.

In connection with any Covered Bonds which are offered or sold outside the United States in reliance on Regulation S (**Regulation S Covered Bonds**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered and sold, and will not offer, sell or deliver such Regulation S Covered Bonds (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of that Series of Covered Bonds of which such Covered Bonds or a part, as determined and certified by the relevant Dealer(s), in the case of a non-syndicated issue, as Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. 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 Regulation S Covered Bond during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of Regulation S 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.

Until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

## Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe to the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a base prospectus pursuant to Article 3 of the Prospectus Directive or supplement a base prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (a) the expression an **offer of Covered Bonds to the public** in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of

sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- (b) the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

### **The Hellenic Republic**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with (i) the Public Offer Selling Restrictions under the Prospectus Directive, described above in this section and (ii) all applicable provisions of Greek Law 3401/2005, implementing into Greek law the Prospectus Directive, as amended and in force.

### **Japan**

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended; the **FIEA**) and each Dealer represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Covered Bonds, in Japan or to, or for the benefit of, a resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with (in the best of its knowledge and belief) all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations or directives in force in any jurisdiction to which it is subject or in which it

makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### **Listing and admission to trading**

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for the Covered Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes Directive 2014/65/EU, as amended.

However, Covered Bonds may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

### **Authorisations**

The establishment, implementation and operation of the Programme and the issue of Covered Bonds have been duly confirmed and authorised by a resolution of the Board of Directors of the Issuer dated 29 August 2018.

### **Litigation**

Save as disclosed in note 29 on page 56 to the Issuer's condensed consolidated interim financial statements for the period ended 30 June 2018 and the section titled "Eurobank Ergasias S.A. - Legal Matters", the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of 12 months preceding the date of this Base Prospectus which may have, or have had, in such period, a significant effect on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

### **No significant change or no material adverse change**

Since 31 December 2017 (the last day of the financial period in respect of which the most recent audited financial statements of the Issuer have been prepared), there has been no material adverse change in the prospects of the Issuer. Since 30 June 2018 there has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole.

### **Documents available for inspection**

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents or the Luxembourg Listing Agent:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2017, 31 December 2016 and the reviewed condensed consolidated interim financial statements as of and for the period ended 30 June 2018 (with an English translation thereof), in each case together with the audit or review reports prepared in connection therewith;
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published reviewed interim financial statements (if any) of the Issuer (with an

English translation thereof), together with any audit or review reports prepared in connection therewith;

- (d) the Programme Agreement, the Trust Deed, the Agency Agreement, and the forms of the Global Covered Bonds, the Covered Bonds in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future offering circulars, prospectuses, Final Terms (save that a Final Terms relating to a Covered Bond which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Covered Bonds and identity), information memoranda and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, any supplement to the Base Prospectus, any documents incorporated by reference and each Final Terms relating to Covered Bonds which are admitted to trading on the Luxembourg Stock Exchange's regulated market and admitted to trading on the official list of the Luxembourg Stock Exchange will also be available for inspection free of charge from the internet site of the Luxembourg Stock Exchange, at [www.bourse.lu](http://www.bourse.lu).

### **Clearing Systems**

The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Series of Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

### **Independent Auditors**

The consolidated financial statements of Issuer's prepared in accordance with International Financial Reporting Standards as adopted by the EU as of and for the years ended 31 December 2017 and 31 December 2016 incorporated by reference in this Base Prospectus, have been audited by PricewaterhouseCoopers of 268 Kifissias Avenue, 152 32 Halandri, Greece (members of the Institute of Certified Auditors Accountants in Greece). Their report was without qualification in accordance

with IFRS, for the financial year ended 31 December 2017 and without qualification but with an emphasis of matter, in accordance with IFRS, for the financial year ended 31 December 2016.

On 10 July 2018, the Issuer announced that it had appointed KPMG Certified Auditors A.E. (**KPMG Athens**) whose address is 3 Stratigou Tombra Street, Aghia Paraskevi GR-15342 Athens, Greece, as external auditor with effect from the 2018 financial year. KPMG Athens is a member of the Institute of Certified Auditors and Accountants of Greece. The reviewed condensed consolidated interim financial statements as of and for the period ended 30 June 2018 of the Issuer prepared in accordance with International Financial Reporting Standards as adopted by the EU incorporated by reference in this Base Prospectus has been reviewed by KPMG Athens.

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