

BASE PROSPECTUS

PIRAEUS BANK



PIRAEUS BANK S.A.

(incorporated with limited liability in the Hellenic Republic)

€10 billion Global Covered Bond Programme

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

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 (as amended) (the **Luxembourg Act**) on prospectuses for securities to approve this document as a base prospectus (the **Base Prospectus**). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Act. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to trading on the *Bourse de Luxembourg*, which is the Luxembourg Stock Exchange's regulated market (the **Luxembourg Stock Exchange's regulated market**) for the purposes of Directive 2014/65/EU (the **Markets in Financial Instruments Directive II**) and to be listed on the Official List of the Luxembourg Stock Exchange. This document comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (including, without limitation, the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) but is not a base prospectus for the purposes of Section 12(a)(2), or any other provision of or rule under, the Securities Act.

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

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

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

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

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, and the issue price of Covered Bonds 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 and completing that Series or Tranche called the final terms (each, a **Final Terms**) which, with respect to Covered Bonds to be listed on the Official List of the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of such Series or Tranche of Covered Bonds.

The senior unsecured debt ratings of Piraeus Bank are Caa2 by Moody's Investors Services Cyprus Limited (**Moody's**), B- by Standard and Poor's Credit Market Services Italy, S.r.l. (**Standard and Poor's**) and CC by Fitch Ratings Limited (**Fitch**). Each of Moody's, Standard and Poor's, Fitch and DBRS (as defined below) is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's, Standard and Poor's, Fitch, and DBRS (as defined below) is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

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

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

Arranger

Barclays

Dealers

Barclays

Piraeus Bank S.A.

The date of this Base Prospectus is 17 October 2018.

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

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

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

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

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

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

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

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

any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Arranger shall not 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 any Transaction Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.

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

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

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

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

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

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly, any person making, or intending to make, an offer 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. None of the Issuer, the Arranger or any Dealer has authorised, nor do any of them authorise, the

making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer, the Arranger or any Dealer to publish or supplement a prospectus for such offer.

In connection with the issue of any Series of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation or over allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to and, with effect from such date, 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 (**MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, **IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. 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.

An investment in the Covered Bonds is not an equivalent to an investment in a bank deposit. Although an investment in Covered Bonds may give rise to higher yields than a bank deposit placed with the Bank or with any other investment firm in the Group (as defined below), an investment in Covered Bonds carries risks which are very different from the risk profile of such a deposit. The Covered Bonds are expected to have greater liquidity than a bank deposit since bank deposits are generally not transferable. However, Covered Bonds may have no established trading market when issued, and one may never develop.

Investments in Covered Bonds do not benefit from any protection provided pursuant to Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes or any national implementing measures implementing this Directive in any jurisdiction. Therefore, if the relevant Issuer becomes insolvent or defaults on its obligations, investors investing in the Covered Bonds in a worst case scenario could lose their entire investment.

Amounts payable under the Covered Bonds may be calculated by reference to one or more “benchmarks” for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the “Benchmarks Regulation”) including: EURIBOR, which is provided by the European Money Markets Institute, and LIBOR, which is provided by ICE Benchmark Administration. In this case, a statement will be included in the applicable Final Terms as to whether or not the relevant administrator of the “benchmark” is included in ESMA’s register of administrators under Article 36 of the Benchmarks Regulation. As of the date hereof, ICE Benchmark Administration is included in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. As at the date hereof, the European Money Markets Institute is not in the register of administrators and benchmarks established and maintained

by ESMA pursuant to Article 36 of the Benchmark Regulation. As far as the Issuer is aware, transitional provisions in Article 51 of the Benchmark Regulation apply, such that EMMI is not currently required to appear in the register of administrators and benchmarks. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

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 MiFID 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 Barclays Bank plc, as arranger, nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Contents

Clause	Page
RISK FACTORS	8
DOCUMENTS INCORPORATED BY REFERENCE	66
GENERAL DESCRIPTION OF THE PROGRAMME	68
TERMS AND CONDITIONS OF THE COVERED BONDS	103
FORMS OF THE COVERED BONDS	142
FORM OF FINAL TERMS	145
USE OF PROCEEDS	155
INSOLVENCY OF THE ISSUER	156
OVERVIEW OF THE GREEK COVERED BOND LEGISLATION	157
PIRAEUS BANK AND THE PIRAEUS BANK GROUP	161
ALTERNATIVE PERFORMANCE MEASURES	202
THE BANKING SECTOR AND THE ECONOMIC CRISIS IN GREECE	203
REGULATION AND SUPERVISION OF BANKS IN GREECE	223
THE MORTGAGE AND HOUSING MARKET IN GREECE	239
DESCRIPTION OF THE TRANSACTION DOCUMENTS	248
TAXATION	266
SUBSCRIPTION AND SALE	269
GENERAL INFORMATION	273
INDEX	278

RISK FACTORS

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

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 any investment decision.

THE PURCHASE OF COVERED BONDS MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE COVERED BONDS. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE ISSUER, THE ARRANGER OR ANY DEALER.

CERTAIN ISSUES OF COVERED BONDS INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

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

The Covered Bonds will be obligations of the Issuer only

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

Maintenance of the Cover Pool

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

Pursuant to the Servicing and Cash Management Deed, after the occurrence of an Issuer Event the Cover Pool is also subject to the Amortisation Test. The Amortisation Test is intended to ensure that the Cover Pool Assets are sufficient to meet the obligations under all Covered Bonds outstanding together with senior expenses that rank in priority to or *pari passu* with amounts due on the Covered Bonds. Failure to satisfy the

Amortisation Test on any Monthly Calculation Date following an Issuer Event results in the Issuer being required immediately to treat all Covered Bonds of all Series as Pass-Through Covered Bonds and, accordingly, to redeem them at their Principal Amount Outstanding on a *pro rata* basis (to the extent it has Covered Bonds Available Funds available for such purpose and in accordance with the Pre-Event of Default Priority of Payments), as described further under “*Risks related to the Covered Bonds – Final Maturity and extendable obligations under the Covered Bonds*”.

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

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

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

Each of these factors is considered in more detail below.

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

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

Changes to the lending criteria of the Issuer

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

Certain Loans not originated by Issuer

It should be noted that a significant proportion of the Loans included by the Issuer into the Cover Pool at any time may not have been originated by the Issuer in the case of Loans that have been, or will in the future be, acquired by the Issuer pursuant to, or in consequence of, the Acquisitions (as defined and described in more detail under “*Piraeus Bank and the Piraeus Bank Group - Overview of Piraeus Bank and the Piraeus Bank Group*”), or otherwise acquired by the Issuer. In respect of such acquired Loans, there can be no assurance that the lending criteria of the relevant originating entity were comparable with (and not materially inferior to) those of the Issuer, or were not effectively applied by the originating entity, and so the asset quality of Loans not originated by the Issuer may be materially worse than that of Loans that were originated by the Issuer. This may result in the deterioration in the performance and value of the Cover Pool Assets. It may also make it harder for the Statutory Tests to be met.

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

Risks relating to Loans denominated in Swiss francs

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

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

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

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

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

In this respect it should be noted that due to wide fluctuations in CHF/EUR currency exchange rates in recent years, borrowers of Swiss franc-denominated mortgage loans have filed lawsuits before Greek courts seeking the redenomination of their mortgage loan from CHF to EUR based on the CHF/EUR currency exchange rate applicable at the time of the loan disbursement. There have been a number of decisions by Greek courts of first instance in cases brought by individual borrowers (not a class action), which held that the provision of a mortgage loan denominated in CHF (and originated by a Greek credit institution) under which payments on the loan by the borrower were to be made in EUR based on the CHF/EUR exchange rate applicable on the date of payment, is “abusive” and thus null and void, and that payments in EUR should be calculated on the

basis of the CHF/EUR exchange rate applicable on the date of the loan disbursement. There have also been a number of decisions by Greek courts of first instance which held that such provision of a mortgage loan denominated in CHF is not "abusive", with the result that the respective lawsuits have been withdrawn by the relevant borrowers. It should be noted that most of these court decisions are subject to appeal before the competent Court of Appeal. To date, there have been two reported decisions by the Greek Courts of Appeal in which cases have been brought by a borrower. These cases were not class actions and both decisions in these cases ruled in favour of the borrowers. Most recently, the first decision out of these cases issued by the Greek Supreme Court held that such provision of a mortgage loan denominated in CHF is not "abusive". However, this case has been referred to a plenary session of the Greek Supreme Court for a final decision. Further, there have been two reported decisions issued by the Multi-Member First Instance Court of Athens on class actions of consumers against Greek credit institutions, one ruling in favour of consumers and holding that such a provision is abusive (which was most recently reversed by the Athens Court of Appeal upon an appeal filed by the credit institution) and one ruling in favour of the credit institution. As noted above, the validity of a provision of a mortgage loan denominated in CHF (and originated by a Greek credit institution) under which payments on the loan by the borrower are to be made in EUR based on the CHF/EUR exchange rate applicable on the date of payment is currently pending before the Plenary Session of the Greek Supreme Court. Still, the fact that borrowers have succeeded in a number of similar cases already, at least until the relevant Supreme Court decision is issued, poses the risk that Greek courts would follow such precedent in favour of borrowers. Should the decisions which ruled in favour of borrowers not be successfully appealed, or should other similar cases brought by borrowers succeed, payments under such loans would be calculated on the basis of the CHF/EUR currency exchange rate as applicable on the date of the loan disbursement, rather than on the date of payment of each instalment as provided in the relevant loan documentation. This may result in the Issuer receiving significantly lower payments in respect of these loans if the CHF/EUR currency exchange rate on the date of the loan disbursement was higher than on the date of repayment of any instalment. See also "*Greek Consumer Protection Law*" below.

Risks relating to Subsidised Loans

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

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

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

The OEK pays Subsidised Interest Amounts under the relevant Subsidised Loans on a monthly basis and up to two months in arrears and the Greek State pays Subsidised Interest Amounts under the relevant Subsidised Loans every six months in arrears. Accordingly, the Issuer will not receive the portion of the interest that is subsidised by the OEK and the Greek State in respect of such Subsidised Loan at the same time as the

unsubsidised portion of interest paid by the Borrower. In addition, a Greek State-owned entity may not pay the subsidy at the same time as unsubsidised amounts are paid by the Borrower.

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

Pursuant to the terms and conditions stated in Article 55 of Greek Law 4305/2014, it has been allowed for Borrowers to file a petition for the extension of the term of their OEK Subsidised Loans, provided that at the date of such petition the amount of any due payments that remain unpaid does not exceed the aggregate of six monthly instalments. Such petition should also have been filed within six months from the aforementioned Greek Law's publication (the Greek Law was published in the Government Gazette 237/A/31.10.2014) (such deadline was extended initially until 31 December 2015 by virtue of Decision no. 19068/819/4.5.2015 of the Minister of Finance (Government Gazette 878/B/19.5.2015), and subsequently until 31 December 2016 by virtue of Decision no. 21559/732/25.5.2016 of the Minister of Finance (Government Gazette 1478/B/25.5.2016)).

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

Sale of Loans and their Related Security as provided in the Servicing and Cash Management Deed

In certain circumstances as set out in the Servicing and Cash Management Deed, the Servicer, or any person appointed by the Servicer, will be obliged periodically to attempt to sell in whole or in part the Loan Assets. See further "*Description of the Transaction Documents – The Servicing and Cash Management Deed*". The proceeds from any such sale will be credited to the Transaction Account and applied in accordance with the applicable Priority of Payments.

There is no guarantee that the Servicer will be able to sell in whole or in part the Loan Assets as the Servicer may not be able to find a willing buyer at the relevant time and, even if it does, certain conditions must first be satisfied (as provided in the Servicing and Cash Management Deed), including that the Servicer may not at any time sell or offer for sale the Selected Loans for an amount that is less than the Adjusted Required Redemption Amount. See further "*Description of the Transaction Documents – The Servicing and Cash Management Deed*".

Further, in respect of any sale of Loan Assets to third parties, 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.

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

Accordingly, there is a risk that the Servicer will be unable to sell in whole or in part the relevant Loan Assets (pursuant to the terms of the Servicing and Cash Management Deed (if applicable)) at a favourable price, or at all, at the relevant time.

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

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

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

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

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

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

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

Conflicts of Interest

Certain parties to the Programme act in more than one capacity. The fact that these entities fulfil more than one role could lead to a conflict between the rights and obligations of these entities in one capacity and the rights and obligations of these entities in another capacity. In addition, this could also lead to a conflict between the interests of these entities and the interests of the Covered Bondholders. Any such conflict may

adversely affect the ability of the Issuer to make payments of principal and/or interest in respect of the Covered Bonds.

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

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

Change of counterparties

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

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

Risks Relating to the Macroeconomic Environment and the Hellenic Republic

Macro-economic environment and the Hellenic Republic

For the first half of 2018, 98.2 per cent. of Piraeus Bank's total net interest income was derived from its operations in Greece. As a result, macroeconomic developments and political conditions in Greece affect Piraeus Bank's business and results of its operations, the quality of its assets and its general financial condition directly and significantly. In addition, as a financial institution operating in Greece, Piraeus Bank holds a portfolio of Greek government debt. As at 31 December 2017, positions in debt securities issued by the Hellenic Republic amounted to €1,679.2 million, including Greek government bonds with a book value of €530.6 million and Greek treasury bills with a book value of €1,148.6 million. In total, Greek government debt represented 2.6 per cent. of Piraeus Bank's total assets as at 31 December 2017, whereas Greek

government bonds (excluding Greek treasury bills) represented 0.8 per cent. of its total assets as at 31 December 2017. As at 30 June 2018, the amount of debt securities issued by the Hellenic Republic and held by Piraeus Bank amounted to €1,583 million, including Greek government bonds with a book value of €557 million and Greek treasury bills with a book value of €1,026 million. In total, Greek government debt represented 2.8 per cent. of Piraeus Bank's total assets as at 30 June 2018, whereas Greek government bonds (excluding Greek treasury bills) represented 1 per cent. of Piraeus Bank's total assets as at 30 June 2018.

The credit ratings of Greece have been affected by the still difficult but steadily improving economic environment and the successful completion and exit from the three-year ESM financial assistance programme (the **Third Economic Adjustment Programme**) in August 2018. As of the date of this Offering Circular, the current long term credit ratings of Greece by Moody's, S&P Global, Fitch and DBRS are B3 (Pos.), B+ (Pos.), BB- (Stable.) and B High (Pos.) respectively, while their short term ratings are NP, B, B and R-4, respectively.

All four major rating agencies have upgraded the credit ratings of Greece since the beginning of 2018. Specifically, Moody's upgraded Greece's long term credit rating by two notches to B3 from Caa2 on 21 February 2018, while maintaining the short term rating at NP and the positive outlook. S&P Global upgraded the long term sovereign rating twice this year: on 19 January to B (Pos.) from B- (Pos.), and then again on 25 June to B+ (Stable) from B (Pos.), and affirmed it on 20 July changing its outlook to 'positive' from 'stable', while the short term rating was maintained at B. Fitch upgraded the long term sovereign rating on 18 February 2018 to B (Pos.) from B- (Pos.) and then again on 10 August by two notches to BB- (Stable), while the short term rating was maintained to B. Finally, DBRS upgraded the long term rating of Greece twice this year: on 4 May 2018 it upgraded it by two notches to B (Pos.) from CCC High (Pos.), along with a one notch upgrade of the short term rating to R-4 from R-5, and then again on 29 June 2018 to B High (Pos.) from B (Pos.).

The Greek economy has encountered and continues to encounter significant fiscal challenges and structural weaknesses. The Greek economy has had several years of recession and the Hellenic Republic faces sizeable pressure on its public finances. Greece's General government gross debt as at 31 December 2017 was €317.4 billion compared to €315.0 billion as at 31 December 2016. Moreover, in the first quarter of 2018 Greece's General government gross debt increased to €322.6 billion (Source: National Accounts Division ELSTAT). Although the Greek economy has returned to positive rates of growth and the successful completion of the Third Economic Adjustment Programme reduces risks that the economic recovery will be undermined by a hit to confidence, adverse macroeconomic developments are likely to have a material adverse effect on Piraeus Bank's business, results of operations and financial condition.

In this context a series of potential risks exists:

- Although Greece returned to growth in 2017, following the multiyear fall in real GDP which cumulatively amounted to 26 per cent., Greece is still vulnerable to shocks that could come in the form of slower growth among trading partners or a rise in debt service costs each of which would lower confidence and investment.
- The need to implement additional austerity measures may create new recessionary pressure leading to the deterioration of the financial climate, lack of liquidity and shrinkage of private consumption in Greece.
- The main endogenous risks are related to the pace at which confidence will be restored in the Greek economy, and to the lifting of capital control restrictions in the timeliest manner, in order to boost investment and domestic demand.
- Greece may fail to realise the benefits of the conclusion of the Third Economic Adjustment Programme (which completed on 20 August 2018), in the post memorandum era, leading to

significant political and economic consequences. The Greek economy might be burdened by the ambitious fiscal goals, smaller than anticipated gains from fiscal and structural reforms, or the need for more protracted efforts to stabilise the banking sector.

- The capital controls imposed in Greece in mid-2015 (as further described under “*The capital control measures currently in force have adversely affected and may further adversely affect the Greek economy and cause further liquidity challenges*” below) halted the deposit outflows and have been significantly relaxed since 2016, but there is also no current expectation as to when they may be lifted in full. Whenever such restrictions are lifted, the Bank may experience deposit outflows.
- A lack of progress by authorities and banks in managing non-performing loans (**Non-Performing Loans** or **NPLs**) the successful implementation of which would result in cleaning and strengthening bank balance sheets and in improving the payment culture, could severely undermine the ability of banks to supply more credit and support strong, sustainable economic and employment growth.
- Given that the credit ratings of Greek banks are related to the credit rating of the Hellenic Republic, a potential downgrade of the Hellenic Republic could affect Piraeus Bank’s credit rating and, ultimately, its results of operations and financial condition.
- In Europe, political uncertainty and increased volatility in financial markets, including more protectionist policies in some advanced economies, could trigger adverse confidence shocks, which could lead to a fall in global demand and decline in economic activity in the European Union (EU).

Banking Markets

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

Regulation

From early November 2014, Piraeus Bank has been directly supervised by the European Central Bank (the **ECB**) within the framework of the Single Supervisory Mechanism (**SSM**). The regulatory regime imposes various compliance requirements upon Piraeus Bank, including in relation to the training, authorisation and supervision of personnel, systems, processes and documentation. If Piraeus Bank fails to comply with such regulations, there is a risk of an adverse impact on its business due to sanctions, fines or other actions imposed by the regulatory authorities. The Bank of Greece, the ECB and other bodies could impose further regulations or other obligations, laws, administrative actions, in relation to current and past dealing with customers, either in Greece or in each jurisdiction where Piraeus Bank operates. Furthermore, in light of the current market environment, there have been changes to the regulations governing financial and credit institutions and governmental rules imposed on them. In response to the financial crisis, national governments as well as supranational organisations, such as the EU, have been considering significant changes to current regulatory frameworks, including those pertaining to capital adequacy and the scope of banks’ operations. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed by virtue of Piraeus Bank’s participation in any government or regulator-led initiatives, such as the Support Scheme and the Hellenic Financial Stability Fund (**HFSF**)), Piraeus Bank expects to face greater regulation in Greece and in the countries where it operates. Consequently, Piraeus Bank may face increased capital requirements, stricter disclosure requirements and restricted types of permitted transactions, thus affecting its strategy and limiting or requiring the modification of rates or fees that Piraeus Bank charges on certain loan and other products, any of which could lower the return on its investments, assets and equity. Piraeus Bank may also incur costs in complying with these regulations or obligations relating to its business, including potential compensation and costs relating to advice given to customers. The new regulatory framework may have a significantly wider scope than the previous regime and may have unintended consequences for the Greek financial system or

Piraeus Bank's business, including increasing competition, increasing general uncertainty in the markets, or advantaging or disadvantaging certain lines of business.

There are a number of uncertainties in connection with the future of the UK and its relationship with the EU following the result of the UK referendum on 23 June 2016 and the subsequent triggering of Article 50 by the UK Government on 29 March 2017

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the EU. The result of the referendum was to leave the EU and the UK Government invoked Article 50 of the Lisbon Treaty relating to withdrawal from the EU on 29 March 2017. Under Article 50, the Treaty on the EU and the Treaty on the Functioning of the EU cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. There are a number of uncertainties in connection with the future of the UK and its relationship with the EU. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the EU and/or any related matters may have on the business of Piraeus Bank and the Group. As such, no assurance can be given that such matters would not adversely affect the ability of Piraeus Bank 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.

Risks Relating to Piraeus Bank's Business

Financial Risk

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

Credit Risk

Credit risk is defined as the potential risk of realizing financial losses stemming from the possibility that counterparties fail to meet their contractual/transactional obligations. Credit risk is the most significant risk for the Group and therefore its effective monitoring and persistent management constitutes a top priority for senior management.

The Group's exposure to credit risk mainly arises from corporate and retail credit products, various investments, over-the-counter (OTC) transactions, derivatives transactions, as well as from transaction settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the debtor's financial condition, the amount/type/duration of the relevant exposure and the existence of collateral and guarantees which Piraeus Bank may not be able to assess with accuracy at the time it undertakes the relevant activity.

Market Risk

Market risk is the risk of economic losses to Piraeus Bank due to adverse changes in market rates or prices, such as interest rate changes, foreign exchange rate changes, equity price or commodity price changes. Interest rate risk is the primary market risk for Piraeus Bank, as unexpected yield curve changes can adversely affect Piraeus Bank's net interest margin and profit before income tax, reducing Piraeus Bank's profit for the period and net assets. Similarly, unexpected adverse movements in the foreign exchange market can affect the value of Piraeus Bank's assets and liabilities that are denominated in foreign currencies resulting in potential reductions in operating income and total shareholder equity. The performance of financial markets may cause changes in the value of Piraeus Bank's investment and trading portfolios. Piraeus Bank has implemented risk management methods to mitigate and control these and other market

risks to which Piraeus Bank is exposed and exposures are constantly measured and monitored. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on Piraeus Bank's financial performance and business operations.

Operational Risk

Operational risk is defined as the risk of loss to Piraeus Bank due to inadequate or failed internal processes, people and systems or from external events. Losses resulting from internal processes are associated with deficiencies and lack of controls in existing internal procedures, or the absence of documentation about clear and approved procedures related to Piraeus Bank's operations. Losses resulting from people are associated with the violation of internal policies by employees or contractors of Piraeus Bank. The unavailability and/or malfunction of systems and technological infrastructure may also result in operational risk losses. Finally, losses from external events may occur due to natural forces (such as floods or earthquakes), or directly from a third party's action including malicious acts (such as robberies or terrorist activity).

Other types of risks that could affect the Bank's activities, and which are considered as sub-types of operational risk (and as such managed within the operational risk management framework), are conduct risk, information & communication technology risk, legal and compliance risk, money laundering and terrorism financing risk, environmental & social risk, outsourcing risk and reputational risk.

Piraeus Bank, seeking optimum operational risk management, adopts suitable control and mitigation methods, which include the continuous development and upgrade of the internal control system through various enhancement projects (known as Action Plans), the use of insurance coverage as a critical operational risk mitigation technique, human resources training, the implementation of its business continuity plan, risk assessment of new products, processes and activities, the use of audit findings in risk identification, and the establishment of an operational risk alert process.

Liquidity Risk

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

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

On 28 June 2015, the ECB announced that it would not increase the ceiling for the Emergency Liquidity Assistance Scheme (the **ELA**) for Greece's banking system from the €89 billion 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 Bank of Greece's ELA mechanism) exceeded 70 per cent. of Greece's GDP.

In order to protect the Greek financial system from increasing deposit outflows, the Greek government adopted on 28 June 2015 an urgent Legislative Act declaring the period from 28 June 2015 until 6 July 2015 a bank holiday for all financial 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, which was subsequently extended until 19 July 2015. In parallel, the ATHEX regulated markets and the Multilateral Trading Facility of "EN.A." were closed for the period of the bank holiday, pursuant to a decision of the Hellenic Capital Market Commission (**HCMC**).

Since the end of the bank holiday, cash withdrawal and capital transfer restrictions have remained in place, pursuant to the Legislative Acts dated 18 July 2015 and 31 July 2015, which were ratified by Article 4 of Greek Law 4350/2015, and certain secondary legislation, as amended and currently in force.

These capital controls have caused further distress to the economy due to limited market and funding liquidity and market uncertainty. The ATHEX (as defined below) remained closed from 29 June 2015 until 31 July 2015, which caused investor sentiment to deteriorate. Since the ATHEX has reopened, there have been concerns about the business climate in general and the solvency of Greek banks in particular, which have caused ATHEX market capitalisations to decline.

The imposition of capital controls and the resulting decline in customers' ability to service their liabilities had led to a contraction of liquidity in the market and an increase in NPLs, which, consequently, had an adverse impact on the Bank's liquidity, business, results of operations and financial condition (including, without limitation, restrictions in lending, prolonging the increased need of financing from the Eurosystem with its related increased finance costs, a reduction of profit for the period and increases of provisions for doubtful debts). Furthermore, although numerous restrictions (for example, the lifting of all restrictions on cash withdrawals, money transfers and payments of cash within Greece, the increase of the maximum amount of monthly cash withdrawals outside Greece, the opening of new bank accounts and the transfer outside of Greece of funds in respect of dividends or profits deriving from certain investments made in Greece) have been gradually relaxed, there is also no current expectation as to when they may be lifted in full. Whenever, such restrictions are lifted, the Bank may experience deposit outflows.

Dependence on Eurosystem funding due to the difficult fiscal position of the Hellenic Republic and the significant deposit outflows Piraeus Bank and the Greek banking sector have suffered

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

The ongoing financial crisis has adversely affected the Group's credit rating, restricted its access to international markets for funding and increased its funding costs and collateral posting requirements in repurchase (repo) agreements and other collateralised funding agreements, including the Group's agreements with the ECB and the Bank of Greece. Concerns relating to the ongoing influence of these adverse conditions may in the medium term cause further delays in the Group's ability to receive market funding from the debt capital markets. The Group cannot be certain that access to the capital markets in future periods will be maintained on economically beneficial terms. Piraeus Bank, along with the whole Greek banking system, has had to address major challenges during recent years, for example high deposit outflows (that peaked in 2012 and 2015) and the increase of NPLs, and has also faced unprecedented events at a national level, such as the bank holiday declared on banking businesses in Greece for three weeks in mid-2015 and the imposition of capital controls in mid-2015. The deposit outflows in the Greek banking market that started in 2010 intensified in 2012 and again in 2015, a trend that was offset by the Eurosystem's liquidity support measures, from which the total financing utilised by the Greek banking sector amounted to €108 billion at 31 December 2015. There has been a downward trend in Eurosystem support, which amounted to €33.7 billion at 31 December 2017 and €13.0 billion on 31 July 2018 reaching the lowest level since September 2008. Greek banks were forced to return to the ELA refinancing (which was zero at the end of 2014) utilising €43.7 billion at 31 December 2016, €21.6 billion at 31 December 2017 and €4.8 billion at 31 July 2018 as compared to €87.0 billion in June 2015, due to gradual market sentiment improvement, share capital increases for the four largest Greek banks and deposit stabilisation in the second half of 2015. As at 31 December 2017, the Bank's Eurosystem funding amounted to €9.7 billion (compared to €20.9 billion as at 31 December 2016), and funding through ELA, in particular, was €5.7 billion (compared to €11.9 billion as at 31 December 2016). As of 31 July 2018, the Bank's Eurosystem funding decreased to €1.8 billion (compared to €15.8 billion as at 31 December 2017), whilst funding provided by the ELA was €0.3 billion (compared to €10.3 billion as at 31 December 2017).

Uncertainty regarding how well the demands following the conclusion of the Third Economic Adjustment Programme (which occurred on 20 August 2018) will be implemented in a post memorandum environment is already weighing on the liquidity of the Greek financial system and consequently of the Bank as at the date

of this Base Prospectus. Negative reports from the enhanced surveillance under the post-programme framework, delays in the completion of the ongoing reforms, the impact of fiscal measures adopted over the course of the programme, low private consumption, stagnation of the business climate and moderate investment growth would have negative implications for the expected recovery and banking sector's stability. Furthermore, although deposit growth continues to strengthen, return of deposits will continue to be hampered by the high fiscal burden. Renewed turmoil in the domestic economic and political environment, failure to comply with the post-programme framework as well as issues such as further taxation of deposits, may result in a loss of customer confidence and further outflows of deposits from the Greek banking system.

The severity of pressure experienced by Greece in its public finances has restricted the Group's access to the capital markets for funding, particularly unsecured funding and funding from the short-term interbank market, because of concerns by counterparty banks and other creditors. Since the second half of 2017 Greek banks have regained access to the capital markets, through the issuance of covered bonds and interbank repos. Piraeus Bank in particular issued a 5 year €500 million covered bond in October 2017, while interbank repo balances stood at €3.3 billion at 30 June 2018.

Since 31 December 2014, when political risk in Greece increased significantly, the monitoring and management of the Bank's liquidity risk has focused on: (i) daily and intra-day monitoring of deposits; (ii) evolution of term deposit breaks; (iii) funding cost and funding concentration; and (iv) liquid assets analysis. In addition, the Bank applies liquidity crisis scenarios (stress testing) and estimates their impact on its liquidity ratios. Measures such as the maintenance of liquid securities portfolios, diversified core deposits (i.e. savings accounts), and competitive term deposits are also taken in order to mitigate liquidity risk.

The ECB decision on 4 February 2015 to remove the waiver allowing Greek government bonds and bonds guaranteed by the Greek government to be treated as eligible collateral for refinancing after 11 February 2015, led the Greek banking sector to significantly increase its funding from the ELA mechanism, which represented 70 per cent. of the total Eurosystem funding as of 30 June 2017 (€37.9 billion). Based on the latest available data, as of 31 July 2018, ELA funding represented 37 per cent. (amounting to €4.8 billion) of the total Eurosystem funding. (Source: Bank of Greece).

On 22 June 2016, the Governing Council of the ECB decided to reinstate the waiver affecting the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic, subject to special "haircuts" (excluding, however, as of 2 March 2015, uncovered guaranteed bank bonds that have been issued by the counterparty itself or an entity closely linked to that counterparty, such as government guaranteed bonds under the Second Pillar of the Greek Law 3723/2008, as in force, pursuant to the ECB Decisions ECB/2012/12 and ECB/2013/6). However, following the successful conclusion of the Third Economic Adjustment Programme, the ECB announced that from 21 August 2018 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. Therefore, the Governing Council of the ECB decided that from 21 August 2018 the Eurosystem's standard criteria and credit quality thresholds should apply in respect of marketable debt instruments issued or fully guaranteed by the Hellenic Republic and that such debt instruments will be subject to the standard haircuts set out in Guideline (EU) 2016/65 of the European Central Bank (ECB/2015/35).

Piraeus Bank is currently able to use retained covered bonds as collateral for funding from the Bank of Greece. These covered bonds may not be accepted as collateral in the future, if, for example, credit downgrades take place or the relevant rules of the Bank of Greece allowing their use as collateral are amended. Any downgrades of Greece's credit rating may materially affect Piraeus Bank's ability to raise additional funds from the Bank of Greece or other sources. In addition, further loss of deposits and any prolonged need for additional Eurosystem funding may lead to the exhaustion of available collateral required to raise funds from the Eurosystem and may lead to funding risks for the Group. Furthermore, if the ECB or the Bank of Greece revise their collateral standards or increase the rating requirements for collateral

securities such that these instruments are not eligible to serve as collateral, the Group's funding costs would be increased materially and its access to liquidity financing will be limited.

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

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

During 2015, Piraeus Bank experienced an outflow of €13.3 billion of deposits in Greece due to increased domestic political instability. Deposit outflows were recorded throughout the Greek banking system, resulting in the imposition of capital control measures by the Greek government at 30 June 2015. Piraeus Bank experienced an outflow of €1.0 billion of deposits in the first quarter of 2016, in line with the market trend for the Greek banking sector. Nonetheless, in the next quarters of 2016 this trend was reversed. The increase of deposits experienced in 2017 continued in the first half of 2018 as a result of the gradual improvement of economic activity and the return of confidence in the banking system following continuous easing of capital controls. However, as at 30 June 2018 customer deposits decreased by €0.6 billion to €42.1 billion compared to €42.7 billion as at 31 December 2017 due to the net effect of divestment abroad. Nonetheless, Piraeus Bank as at 30 June 2018 reduced its Eurosystem financing, and more specifically its ELA funding to €0.3 billion and its ECB refinancing to €1.5 billion.

Any deterioration of the economic climate could create the risk of not being able to restore part of the deposit base and, consequently, lead Piraeus Bank to increase its reliance on Eurosystem financing.

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

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

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

If Piraeus Bank relies again on the Support Scheme, the Hellenic Republic will be in a position to exert influence over certain management and business decisions through its appointed representative

On 9 December 2008, Greek Law 3723/2008, as in force, was enacted in Greece on the "Liquidity Support of the Economy for mitigating the consequences of the international financial and credit crisis and other

provisions” as amended by a number of laws and ministerial decisions (**Greek Law 3723/2008**), pursuant to which the Hellenic Republic established a voluntary scheme for the capitalisation and liquidity support of credit institutions licensed by the Bank of Greece (the **Support Scheme**) with the objective, among other things, of strengthening Greek banks’ capital and liquidity positions.

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

Furthermore, the Representative has free access to the books and records, as well as to reports related to the restructuring and viability of the credit institution, to the medium-term funding plans, as well as to the records related to the provision of credit to the real economy. Although Piraeus Bank does not presently rely on the Support Scheme, there can be no assurance that it will not make use of any of its measures in the future.

Following the participation of the HFSF in the capital structure of Piraeus Bank, the management, the business decisions and the operation of Piraeus Bank may be materially affected by the HFSF as a shareholder, and/or as a holder of contingent convertible bonds and/or other convertible capital instruments

Following the initial contribution in May 2012 to Piraeus Bank by the HFSF of €4.7 billion in European Financial Stability Facility (the **EFSF**) notes as an advance for participation in the Group’s recapitalisation pursuant to the Greek Law 3864/2010, as in force, and a pre-subscription agreement, the HFSF initially appointed two representatives and currently has one representative appointed to the Board of Directors of Piraeus Bank. In April 2014, Piraeus Bank completed a second equity offering of €1,750 million, an amount which was fully contributed to by private investors, both from Greek and international markets. This resulted in the HFSF’s shareholding in Piraeus Bank reducing to 67 per cent., while the private sector held 33 per cent. of Piraeus Bank’s share capital.

In accordance with the provisions of Greek Law 3864/2010, as in force, the Bank’s relationship with the HFSF following the 2013 share capital increase onwards is governed by a relationship framework agreement dated 10 July 2013 between the Bank and the HFSF (the **Relationship Framework Agreement** or **RFA**), as provided in the Memorandum of Economic and Financial Policies, which applied to the banks having covered private sector participation equal to or greater than 10 per cent. as per the Greek Law 3864/2010 then in force. The Relationship Framework Agreement contains terms and commitments in addition to those the Bank is already subject to under Greek Law 3864/2010, as in force, and, *inter alia*, it determines the corporate governance of the Bank, the development, approval, implementation and monitoring of the restructuring plan and sets out the HFSF’s consent for material matters.

Furthermore, pursuant to Article 7a of Greek Law 3864/2010, as in force, the HFSF may obtain full voting rights on the shares it owns in the Bank before the completion of the Recapitalisation Plan and therefore exercise control over the Bank if it is determined, by a decision of the General Council of the HFSF, that the Bank’s material obligations provided in its restructuring plan or outlined in the Relationship Framework

Agreement are not met. The decisions taken by the HFSF following the occurrence of such an event may not be in the best interests of the Bank's shareholders.

The HFSF will have full voting rights in relation to the ordinary shares that the HFSF acquires from 1 November 2015, including the shares issued in the last share capital increase.

Pursuant to Article 10 of Greek Law 3864/2010 (as amended and in force) the HFSF as the holder of ordinary shares, contingent convertible bonds and/or any other convertible instruments, can establish, with the assistance of an independent consultant, the criteria for the evaluation of the members of the Board of Directors and its committees and additionally any committees the HFSF deems necessary, taking into account international best practices. The HFSF also issues specific recommendations for changes and improvements in the corporate governance of each credit member of the group. If a member of the Board of Directors of Piraeus Bank or one of its committees does not meet the criteria set out by Greek Law 3864/2010, as in force and/or the HFSF, or if a management body collectively does not satisfy the structure recommended by the HFSF with respect to the size, allocation of tasks and expertise, and the necessary changes cannot be otherwise achieved, the HFSF would propose to the general meeting of the Bank's shareholders that the relevant members of the Board of Directors or the relevant committee be replaced. In the event that the general meeting of the Bank's shareholders does not agree to replace such members of the Board of Directors or such committee within three months, the HFSF would publish on its website within four weeks a report that includes the recommendations and the number of members of the Board of Directors or its committees that do not meet the relevant criteria. This report would also specify the criteria such members of the Board of Directors or its committees do not meet. In the event that the HFSF were to make public any such non-compliance, the Bank's reputation and public perception could be negatively affected.

In December 2015, Piraeus Bank announced the full coverage of its third share capital increase by €2.6 billion with abolition of the pre-emption rights of existing shareholders, payment in cash, liabilities' capitalisation equivalent to cash payment, and contribution in kind by issuing 8,672,163,482 new common dematerialised registered voting shares with nominal value of €0.30 each and an issue price of €0.30 per share. The new shares were allocated to qualified investors under a private placement, to holders of non transferable receipts under a liability management exercise and to the Hellenic Financial Stability Fund pursuant to the decision of the Bank's Extraordinary General Meeting of 15 November 2015 and in accordance with the decisions of the Board of Directors of Piraeus Bank of 20 November 2015 and 2 December 2015. Following the completion of the share capital increase, the HFSF now holds 26.42 per cent. of voting rights, of which 0.43 per cent. are restricted.

Following Piraeus Bank's recapitalisations, the HFSF has become the largest ordinary shareholder of Piraeus Bank. Restricted voting rights of 0.43 per cent. may be limited in cases of amendments to the articles of association of Piraeus Bank, merger, divestiture, spin-off, corporate transformation, revival, extension of the term, dissolution, transfer of assets, and any other matter for which increased majority requirements are set by Greek company law.

The HFSF and the Bank entered into a new Relationship Framework Agreement on 27 November 2015, amending and replacing the initial RFA. This was in view of the recently amended HFSF legal framework and the substantial capital increase of the Bank in December 2015 and allowed the HFSF to fulfil its objectives under Greek Law 3864/2010, as in force, exercise its rights and obligations and comply with the commitments undertaken through the Financial Facility Agreement signed on 19 August 2015 by and between the ESM, the Hellenic Republic, the Bank of Greece and the HFSF and through the Memorandum of Understanding (MoU),

There is a risk that the HFSF, as the Bank's shareholder, may exercise the rights it has to exert influence over the Bank and may disagree with certain of its decisions relating to dividend distributions, benefits policies and other commercial and management decisions which will ultimately limit the Bank's operational flexibility.

For further details regarding the Relationship Framework Agreement and the Bank's relationship with the HFSF in general, see *"The Banking Sector and the Economic Crisis in Greece—The Hellenic Financial Stability Fund (HFSF)"*.

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

On 29 November 2015, the European Commission found the restructuring plan of Piraeus Bank to be in line with EU state aid rules.

The restructuring plan of Piraeus Bank includes certain commitments and conditions the implementation of which may impact its business activity, operating results and financial position in certain fields. These commitments and conditions include, among others, the requirement to sell assets or subsidiaries, limitations on its ability to support its foreign subsidiaries (unless required by any applicable local regulatory authorities), introduction of additional limitations on Piraeus Bank's ability to hold and manage its securities portfolio and introduction of additional limitations on its investment policy.

Piraeus Bank's revised restructuring plan is being implemented at present, according to the commitments and within the set time limits contained in it. Piraeus Bank's commitments under the restructuring plan are being monitored by an independent monitoring trustee (KPMG).

Any failure by Piraeus Bank in the future to meet the terms specified in the restructuring plan may result in the European Commission initiating a procedure for misusing state aid, which may result in the partial or entire recovery of state aid and/or the imposition of additional conditions, such as the requirement to sell assets or subsidiaries, reduce Piraeus Bank's branch network, limit Piraeus Bank's ability to support its foreign subsidiaries, introduce additional limitations on Piraeus Bank's ability to hold and manage its securities portfolio, introduce additional limitations on Piraeus Bank's investment policy, and other conditions, in line with previous requests to other banks in the EU that have received state aid. In addition, it may lead the HFSF to recover full voting rights on the ordinary shares it acquired prior to the last share capital increase of December 2015 (now representing 0.43 per cent. of its total voting rights).

Any Covered Bonds issued under the Programme may be subjected in the future to the bail-in resolution tool by the competent resolution authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down to the extent relevant liabilities exceed the value of the Cover Pool

Following the transposition of the BRRD in Greek law by virtue of Greek Law 4335/2015 increased powers were granted to the competent resolution authority, which for the Greek systemic banks is the Board of the SRM as of 1 January 2016, for the imposition of resolution measures to failing credit institutions. These measures include the bail-in tool through which a credit institution subjected to resolution may be recapitalised either by way of write-down or conversion of liabilities into ordinary shares. The bail-in tool may be imposed either as a sole resolution measure or in combination with the rest of the resolution tools that may be imposed by the resolution authority in case of the resolution of a failing Greek credit institution and/or if the credit institution receives state-aid in the form of Government Financial Stabilisation Tool pursuant to Articles 56-58 of the BRRD and Article 6b of Greek Law 3864/2010 on the operation of the HFSF.

Pursuant to Article 44 of Greek Law 4335/2015, as amended by Law 4340/2015 (which transposed into Greek law Article 44 of the BRRD), covered bonds issued by a failing Greek credit institution are excluded from the liabilities which are subject to the bail-in tool and all secured assets relating to the relevant cover pool should remain unaffected, segregated and with sufficient funding. However, the resolution authority may exercise its power of conversion or write down, where appropriate, in relation to any part of such secured liability to the extent that exceeds the value of the security. Therefore, to the extent secured, any

Covered Bonds issued under the Programme are not subject to the bail-in tool. So, if the Bank is subjected to resolution measures in the future or receives state-aid in the form of Government Financial Stabilisation Tool pursuant to Articles 56-58 of the BRRD and Article 6b of Greek Law 3864/2010, as in force, then as a result of the imposition of the bail-in tool by the competent resolution authority the value of such Covered Bonds may be written down only with respect to any amount exceeding the value of the Cover Pool.

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 transposing Greek 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 a 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.

The BRRD also introduced the concept of the minimum requirements for own funds and eligible liabilities in the EU legislation (**MREL**). The MREL framework provides that there should be sufficient loss-absorbing and recapitalisation capacity available in resolution of any credit institution to implement an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions, and avoids exposing taxpayers (public funds) to loss with a high degree of confidence for the market. The level of MREL will be bank specific and will be determined by the Board of the Single Resolution Mechanism (**SRB**) based on various characteristics of each credit institution. The SRB has neither determined a binding MREL level for Piraeus Bank yet, nor a timeline for compliance with a particular MREL level.

Such uncertainty may impact the market perception as to whether a credit institution meets or not such requirements and as such it may be subjected to resolution tools. This may have material adverse impact on the present value of the Covered Bonds and other securities of the Issuer 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).

Changes in regulation may result in uncertainty about the Group's ability to achieve and maintain required capital levels and liquidity

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 and implementing significant changes to current bank regulatory frameworks, including those pertaining to capital adequacy, liquidity and the scope of banks' operations.

For example, the regulatory environment in the Eurozone has been materially amended by the entry into force of the Capital Requirements Regulation (the **CRR**, Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and

investment firms), the Directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV**, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC which was transposed in Greece by Greek Law 4261/2014), the recently completed stress testing by the SSM, the launch of the SSM under Regulation 1024/2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions), the launch of the Single Resolution Mechanism (**SRM**) (under Regulation 806/2014 of the European Parliament and of the Council of 15 July 2014 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 and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010) and the BRRD. The CRD IV capital adequacy framework that has been in force since 1 January 2014 sets forth a progressive quantitative and qualitative enhancement of the capital standards. The SRM coupled with the BRRD aims at establishing uniform rules and procedures in the resolution and recovery of banks in the EU whilst it introduces the bail-in tool of uninsured depositors, in line with the burden sharing principle. The SRM Board is the competent resolution authority for Greek systemic banks.

In addition, on 23 November 2016, the European Commission published legislative proposals for amendments to the CRR, CRD IV, the BRRD and the SRM (collectively, the **Proposals**). Amendments to the BRRD to introduce a new asset class of “non-preferred” senior debt entered into force on 28 December 2017 and must be transposed into national law by 29 December 2018. The Proposals are to be considered by the European Parliament and the Council of the EU (with the Council of the EU and European Parliament each having published its general approach to the Proposals in May 2018) and therefore remain subject to change. The views of the European Commission, the Council of the EU and European Parliament will each be considered when determining the content of the final package of new legislation. However, the final package of new legislation may not include all elements of the Proposals and new or amended elements may be introduced through the course of the legislative process. Implementing domestic legislation has not yet been enacted in Greece and no legislative proposals have been published or submitted for public discussion.

The Group is supervised by the SSM, which has created a new system of prudential regulation comprising the ECB and the national competent authorities of participating Eurozone countries, and has set minimum capital requirements. The Bank, its regulated subsidiaries and its branches are subject to the risk of having insufficient capital resources or a lack of liquidity to meet the minimum regulatory capital and/or liquidity requirements. In addition, those minimum regulatory capital requirements are likely to increase in the future, or the methods of calculating capital resources may change. The SSM could introduce risk-weighted assets (**RWA**) floors (as it has done in other jurisdictions), and further harmonisation of RWA could increase risk weighting of exposures. In addition, proposals have been discussed which would cap the amount of sovereign bonds banks could hold, or assign risk weights to sovereign bond holdings, which could require banks to raise additional capital. Likewise, liquidity requirements may come under heightened scrutiny and may place additional stress on the Group’s liquidity demands in the jurisdictions in which it operates. For a discussion of recent stress tests performed on the Bank, see “*Piraeus Bank is subject to stress testing*” below.

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

These and other future changes to capital adequacy and liquidity requirements in Greece and the other countries in which the Group operates may require an increase of Common Equity Tier I, Tier I and Tier II capital by way of further issues of securities, and could result in existing Tier I and Tier II securities issued by the Group ceasing to count as regulatory capital, either at the same level as at present or at all. The requirement to raise Common Equity Tier I capital could have a number of negative consequences for the Group and its shareholders, including impairing the ability to pay dividends or to make other distributions in

respect of ordinary shares and diluting the ownership of the existing shareholders. If the Group is unable to raise the requisite Tier I and Tier II capital, it may be required to further reduce the amount of its risk-weighted assets and engage in the disposal of core and other non-core businesses, which may not occur on a timely manner or achieve prices which would otherwise be attractive to it.

It is noted that on 31 December 2017 the Group's total capital adequacy ratio under the CRD IV regulatory framework stood at 15.1 per cent. and the common equity tier 1 ratio (**CET-1 Capital Adequacy Ratio**) at 15.1 per cent. At 30 June 2018, the Group's total capital adequacy ratio was 13.6 per cent. and its CET-1 capital adequacy ratio was 13.6 per cent., a level that constitutes a marginal breach of the Overall Capital Requirement (**OCR**) ratio of 13.625 per cent. set by the SSM through the supervisory review and evaluation process (**SREP**). This marginal OCR breach is considered temporary, as following the completion of the sale of the subsidiaries in Albania and Bulgaria and the two loan portfolios (Amoeba and Arctos), the pro forma CET-1 ratio will be restored to 13.97 per cent., thus above the OCR ratio.

In addition, minimum regulatory requirements may increase in the future, such as pursuant to SREP of the SSM, and/or the manner in which existing regulatory requirements are applied may change.

Deferred tax assets

The Group recognises deferred tax assets to the extent that it is probable that the Bank or Group companies will have sufficient future taxable profit available, against which deductible temporary differences and tax losses carried forward can be utilised. The main uncertainties for the recoverability of the deferred tax assets relate to the achievement of the goals set in Bank's business plan, which is affected by the economic circumstances in Greece and internationally.

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

International Financial Reporting Standard 9 Financial Instruments (IFRS 9)

Changes implemented by IFRS 9, which were applied to the Group on 1 January 2018, introduce, among other things, a new impairment model based on expected credit loss rather than incurred credit loss as was applicable under IAS 39. The Group expected that this change was likely to increase loan loss provisions and decrease equity at the date of transition and that volatility in the credit loss line item in the income statement is also likely to increase. The effect of the first time adoption (**FTA**) of IFRS 9 on the financial position of the Piraeus Bank Group on 1 January 2018 was the reduction of its total equity by €2.0 billion. More details on the IFRS 9 FTA impact are given in Note 3 of the Interim Financial Information as contained in the 2018 Mid Year Financial Report.

Risks in the post memorandum era stemming from the Third Economic Adjustment Programme

The decisions and future measures stemming from the recent successful conclusion of the Third Economic Adjustment Programme could be subject to a range of substantial risks, including:

- Renewed recessionary pressures related to fiscal austerity, derailing economic-fiscal projections, including a risk of deterioration in labour market conditions (the unemployment rate decreased to 21.5 per cent. in 2017, down from 23.5 per cent. in 2016 (Source: National Accounts Division ELSTAT)).
- In the event of policy implementation deficiencies or shortfalls, or in the event that the economy takes longer to respond to labour market and supply side reforms, recession is likely to return, leading to a higher debt trajectory and additional debt relief by the public sector, and/or a default on debt.

- The Greek economy might be burdened by the ambitious fiscal goals, smaller than anticipated gains from fiscal and structural reforms, or the need for more protracted efforts to stabilise the banking sector.
- Uncertainty surrounding the capacity of the Greek government to sustain high primary surpluses over a long period of time.
- Market concerns regarding public debt long term sustainability may not dissipate despite substantial debt relief and debt reprofiling.
- Investor sentiment could remain poor despite the reform efforts, or bank deleveraging could proceed more rapidly than envisioned, undermining corporate investment and private sector sentiment.
- Risks related to potential slippages in the yields of measures already legislated under the Third Economic Adjustment Programme but still to be implemented in 2019, including the expected alignment of property values with market prices affecting the yield of property taxes in 2018 and beyond.
- Risks related to private sector funding - in July 2017, Greece returned to the debt market after 3 years, followed by a successful swap of government bonds bought by the private sector in November. In February 2018 a further 7 year syndicated bond followed. In spite of its return to the international markets, risks of borrowing difficulties remain as the Greek economy remains to be tested in the new post programme era. A sharp rise in borrowing costs could potentially hinder both growth and the servicing of its public debt.
- Although the capital controls imposed in mid-2015 in Greece halted deposit outflows and have been significantly relaxed since 2016, there is also no current expectation as to when they may be lifted in full. Whenever such restrictions are lifted, the Bank may experience deposit outflows.
- Slower progress in addressing NPLs than expected would lower confidence and investment.
- An exogenous shock to public debt service costs following the conclusion of the Third Economic Adjustment Programme in August 2018 could compress public finances and confidence, dragging growth. Slower trading partner growth or a disorderly Brexit could lower confidence and lead to lower exports.

Whilst the overall environment surrounding the banking sector has improved following the completion of the Third Economic Adjustment Programme amid positive economic growth rates, risks going forward will depend on success in the ongoing implementation of the guidelines agreed upon in the programme and what their actual impact will be on the Greek economy. These developments will be reflected in the assessments of the enhanced surveillance scheme assigned by the European Commission.

The requirements of the deposit guarantee schemes applicable throughout the EU 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 EU. 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 re-confirms the fundamental principle underpinning DGS, namely that it is banks that finance DGS and not 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 four 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 of the DGSD 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 have had to collect contributions at least annually beginning on 3 July 2015. Since this date, pursuant to Article 13 of the DGSD, contributions have been risk-based.

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 Greek Law 4370/2016, which came into force on 7 March 2016 and repealed the previously applicable Greek 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.

The Group may be required to increase the Group's contributions in the relevant DGS, which in turn may 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.

Greek Property Market

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

Risks Relating to the Acquisitions

Piraeus Bank may not realise expected cost and revenue synergies from the Acquisitions (as defined below).

Piraeus Bank was able to realise significant synergies in connection with the Acquisitions, which Piraeus Bank estimates, on a fully phased, pre-tax basis to be in the amount of up to approximately €557 million per annum from 2016. The synergies were expected to be driven mainly by cost savings, both operational

(branch and personnel optimisation and elimination of overlapping infrastructure) and funding (through reduced time deposit spreads as deposit gathering activity is fully integrated, particularly with respect to the Cypriot Acquisitions and MBG Acquisition (each as defined herein)), as well as moderate revenue synergies.

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

Piraeus Bank is subject to stress testing

Stress tests analysing the banking sector recently have been, and will continue to be, published by national and supranational authorities and regulators including the Bank of Greece, the European Banking Authority, the IMF, the ECB and others. The ECB periodically conducts a comprehensive assessment of the capital requirements of major European banks. This assessment aims to enhance the transparency of the balance sheets of major European banks. 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 cost of funding and may thus have a material adverse effect on operations and financial condition. Furthermore, any future stress tests may result in a requirement for the Bank to raise additional capital.

Greek banks may be required in the future to meet more stringent capital requirements regarding their CET-1 capital adequacy ratios. If the Bank were to fail to meet any such new requirements by accessing the capital markets or the internal creation of capital, it would be required to receive additional capital from the HFSF or, potentially, other investors.

Between August and October 2015, the SSM conducted the 2015 Comprehensive Assessment in order to assess the capital needs of the four Greek systemic banks. The 2015 Comprehensive Assessment was carried out by the SSM together with the Greek supervisory authorities under the conditions of the MoU of the Third Economic Adjustment Programme in the framework of the recapitalisation of Greek banks, and comprised an asset quality review and a forward-looking stress test, including a baseline and an adverse scenario, in order to assess the specific recapitalisation needs of each bank under the Third Economic Adjustment Programme.

The SSM published its report for the 2015 Comprehensive Assessment on 31 October 2015. The Bank's capital requirement under these results was assessed at €2,213.0 million under the baseline scenario and at €4,933.0 million under the adverse scenario, resulting in the Total Regulatory Capital Raising Amount.

These capital requirements under both the baseline and the adverse scenarios, as contemplated by the 2015 Comprehensive Assessment, do not take account of the mitigating actions that the Bank submitted to the SSM for approval on 2 November 2015 and which were approved by the SSM for a total amount of €873.0 million (including €602.0 million resulting from the exchange offers and the proposals) on 13 November 2015.

On 31 January 2018, the European Banking Authority (the **EBA**), in coordination with the SSM, launched the 2018 EU-wide stress test (the **2018 Stress Test**), which was designed to provide supervisors, banks and

other market participants with a common analytical framework to consistently compare and assess the resilience of EU banks to economic shocks. For the first time, it incorporated the IFRS 9 accounting standards. No pass-fail capital threshold has been included, as the results of the exercise are designed to serve as an input to SREP.

The 2018 Stress Test exercise is carried out on a sample of banks covering broadly 70 per cent. of the banking sector in the euro area, including all the four Greek systemic Banks. The 2018 Stress Test was run at the highest level of consolidation. The exercise was carried out on the basis of actual figures as at 31 December 2017, under the assumption of a static balance sheet, and the scenarios were applied over the three year period from 2018 to 2020.

The 2018 Stress Test covered Piraeus Bank S.A. as a consolidated group, including subsidiaries and branches, both domestic and international. The 2018 Stress Test captured risks at various levels, ranging from portfolios and obligors, to exposures and transactions. All applicable risk groups as per the 2018 EBA ST Methodology were covered in the Bank's stress test results, including net interest income, credit risk, market risk, conduct risk and other operational risks, as well as other pertinent profit and loss and capital risks.

On 5 May 2018, the ECB announced the results of the 2018 Stress Test conducted by the ECB concerning the four Greek systemic banks. Under the 2018 Stress Test, Piraeus Bank posted a Transitional CET-1 Capital Adequacy Ratio of 14.5 per cent. under the "baseline" scenario and 5.9 per cent. under the "adverse" scenario for the year-ending 31 December 2020.

Piraeus Bank is executing a capital-strengthening plan to ensure that the Bank continues to remain above the applicable capital requirements at all times, and to accelerate its balance sheet de-risking process and NPEs (as defined below) deleveraging strategy. For more information on Piraeus Bank's capital requirements please refer to "*The Piraeus Bank and the Piraeus Bank Group – 7.7 – Group Capital Adequacy*".

Although Piraeus Bank exceeds the minimum capital requirements regarding its CET-1 Capital Adequacy Ratio, minimum regulatory requirements may increase in the future, such as pursuant to the SREP, and/or the manner in which existing regulatory requirements are applied may change. Likewise, capital or liquidity requirements may come under heightened scrutiny, and may place additional stress on the Bank's financial position.

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

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

internal audit functions. KPMG AB has been appointed as the Monitoring Trustee of Piraeus Bank (the **Piraeus Monitoring Trustee**).

The Piraeus Monitoring Trustee is responsible for verification of compliance of Piraeus Bank with the Greek Company Codified Law 2190/1920, as in force, on *sociétés anonymes* (to be repealed as from 1 January 2019 by Law 4548/2018), with the corporate governance provisions and with the banking regulatory framework in general, and monitors the organisational structure in order to ensure that the internal audit and risk management departments are fully independent from commercial networks. In order to fulfil its role, the Piraeus Monitoring Trustee has the right to attend meetings of Piraeus Bank's audit committee and risk management committee as an observer, review Piraeus Bank's annual audit plan, require additional investigations, receive all reports emanating from Piraeus Bank's internal control bodies and interview its independent auditors. Furthermore, the Piraeus Monitoring Trustee monitors Piraeus Bank's commercial practices, focusing on credit policy and deposit policy. Accordingly, the Piraeus Monitoring Trustee has the right to attend the meetings of Piraeus Bank's credit committees as an observer, and to monitor the development of Piraeus Bank's loan portfolio, the maximum amount that can be granted to connected borrowers, transactions with related parties and other relevant matters. The Piraeus Monitoring Trustee also has the right to interview credit analysts and risk officers.

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

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

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

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

Emerging Markets

Apart from its continuing operations in Greece, the U.K. and Germany, Piraeus Bank has operations in Ukraine. Its international operations outside the EU are exposed to the risk of adverse political, governmental and/or economic developments, as well as to particular operating risks associated with emerging markets. These factors could have a material adverse effect on its financial condition and results of operations.

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

Results of operations, both in Greece and internationally, in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including: political and regulatory

risks; the state of public finances; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values; the availability and cost of credit; inflation; the stability and solvency of financial institutions and other companies; investor sentiment and confidence in the financial markets; or a combination of those factors.

Non-Performing Exposures have had a negative impact on the Bank's operations and have led to a significant decrease in the Bank's revenue, and may continue to do so

NPLs and Non Performing Exposures (**NPEs**) represent one of the most significant challenges for the Greek banking system.

In late November 2016, the Greek banks and the Bank of Greece in cooperation with the SSM agreed upon a set of operational targets for the reduction of NPEs of Greek banks, which are accompanied by key performance indicators. Quarterly operational targets were set beginning from June 2016 up until the end of 2017 and annual targets for the years 2018 and 2019. Initially the sector was estimated to decrease its NPEs from approximately €107 billion in September 2016 to approximately €67 billion by the end of 2019, approximately a 38 per cent. decrease.

In September 2017 the operational targets were revised downward for the period June 2017 – December 2019, with the level of NPE stock at the end of 2019 targeted to drop to €64.6 billion, €2.2 billion lower than the target set at the September 2016 submission. The revised targeted NPE reduction is expected to be driven by three key components: (i) cures, collections and liquidations (41.0 per cent. of total); (ii) sales (31.0 per cent. of total); and (iii) write-offs (28.0 per cent. of total) including debt forgiveness.

The ability to reduce the stock of NPEs has improved materially following regulatory and legislative changes in the last few years that allow the banks to repossess the assets of defaulting borrowers and sell them through auctions. The main regulatory changes are:

- the reform of the Greek Code of Civil Procedure (**GCCP**) through Greek Law 4335/2015 to expedite seizures and auctions and to improve the ranking and recovery of secured creditors;
- Law 4469/2017 on Out of Court Workouts (**OCW**) introduces a new process of extrajudicial settlement for debts of less than €20,000 with the aim to accelerate the NPL deleveraging and tackle the category of strategic defaulters;
- Law 4472/2017 introduced: (1) provisions to ensure that there is no civil or criminal liability of credit or financial institutions and public sector officials, when involved in debt restructuring or write-off, provided that such restructuring is in compliance with a set of objective criteria; (2) amendments to the legal framework (Law 4354/2015) for the licensing and operating of banking receivables' servicing platforms with the purpose to simplify the process and documentation required; and (3) an amendment to the GCCP to enable the electronic auctions for foreclosed property;
- Law 4512/2018 introduced further amendments to the GCCP with respect to: (1) the conduct of auctions, which as from 21 February 2018 may be made only through electronic means; and (2) the allocation of proceeds in enforcement and bankruptcy proceedings for loans entered into after 17 January 2018 and secured on property that was unencumbered on at 17 January 2018; and
- Law 4549/2018 introduced further amendments to the GCCP, providing that, if following two unsuccessful auctions a petition is filed for a new auction date to be set, with the same or a lower fixed first price, or for a permission for a direct sale of the property at a price to be determined by the court, a recent valuation report of the auction property, dated after the date of the last auction, should be submitted on the hearing date which is set within eight business days as from the date of the filing

of the petition, while the relevant court decision is issued within eight business days as from the hearing date.

In respect of the development of a market for NPE servicing and sales, the entry of independent, external NPE servicers into the market is expected to bring valuable knowhow and set benchmarks for the “in-house” workouts of the Greek banks.

Banks have also accelerated the sale processes for NPEs, frontloading a sizeable part of their NPE deleverage strategy. Greek banks target a total amount of NPE sales for the period from September 2017 to December 2019 of €10.1 billion.

Greek banks have also taken significant initiatives under the auspices of the Hellenic Banking Association. The size, complexity and systemic nature of the NPE issue has led Greek banks to also explore the merits of collaboration. Initiatives such as the agreement between the four Greek systemic banks and doBank S.p.A (**doBank**) for the management of a portfolio of NPEs with a value of €1.8 billion, are aiming to create synergies in managing shared exposures by consolidating skills and expertise, optimising the restructuring outcomes through a holistic understanding of the customer’s situation, increasing speed of decision making and decreasing costs for the banks (see “*Piraeus Bank and the Piraeus Bank Group - Recent Developments (since 31 December 2017)*” for more information).

As at 30 June 2018, the stock of NPEs in Greece reached €88.6 billion. Compared to March 2016, when the stock of NPEs reached the peak, the reduction is 17.3 per cent. or €18.6 billion (Source: Bank of Greece). All four Greek systemic banks have met the NPE targets agreed with the Bank of Greece so far. Despite the accelerated efforts, NPEs remain high across most asset classes.

Piraeus Group’s NPE amounts and ratios are presented in the following table:

	31 December		30 June
	2016	2017	2018
NPEs (Amounts in € million)	35,820	32,856	29,387
NPE ratio.....	53.7%	54.5%	54.7%
Adjusted NPE ratio.....	55.3%	56.0%	54.7%

NPEs decreased by €3.0 billion in 2017, while, the NPE deleverage process accelerated during the first half of 2018, with a €3.5 billion NPE decrease, which was a result of organic and inorganic actions.

A weaker than expected improvement in the macroeconomic performance, or weaker recovery of domestic demand may lead to lower growth, perpetuate debt problems and lead to additional NPL/NPE generation.

Furthermore, any potential change in the regulatory stance could result in an increase of future provisions and a significant decrease in the Bank’s revenue which could materially and adversely affect the Bank’s financial condition, capital adequacy and operating results.

The Bank’s financial performance has been and will be affected by borrower credit quality

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Bank’s businesses. If there is a further deterioration in economic and market conditions in one or more of the markets in which the Bank operates, this could worsen the credit quality of the Bank’s borrowers and counterparties. In Greece and in the other countries in which

the Bank operates, the Bank may continue to see adverse changes in the credit quality of borrowers and counterparties, with increasing delinquencies, defaults and insolvencies across a range of sectors, particularly in the real estate market where the Bank's exposure is significant due to mortgage loans. These trends and risks have led and may lead to further and accelerated impairment charges, higher costs, additional write-downs and losses for the Bank.

Applicable bankruptcy laws and other laws and regulations affecting creditors' rights in Greece and various European countries where the Group operates may limit the Group's ability to receive payments on defaulted credits

Laws regarding bankruptcy and other laws and regulations governing creditors' rights generally vary significantly within the regions in which the Group operates. In Greece and some other countries, bankruptcy and other laws and regulations affecting creditors' rights are likely to offer less protection for creditors than bankruptcy and other insolvency regimes in Western Europe and the United States.

Since the onset of the financial crisis in Greece, legislation has been adopted to enable vulnerable categories of individual debtors meeting specific economic and social criteria to seek court protection regarding the repayment or restructuring of their debt whereas the bankruptcy code has been amended and new insolvency schemes have been implemented to allow for agreements between corporate debtors and their creditors in the context of restructuring proceedings, which have resulted and could further result in credit institutions incurring significant credit impairments or write-offs.

If the current economic environment worsens, bankruptcies and other insolvency procedures could intensify or applicable laws and regulations may be amended to limit the impact of the recession on corporate and retail debtors. Furthermore, the heavy work load that local courts may face, the cumbersome and time consuming administrative and other processes and requirements to which restructuring and insolvency measures are subject slow the pace at which court judgments on insolvency and rehabilitation proceedings become final. Such amendments and/or any potential further measures reducing the protection of creditors may have an adverse effect on the Group's business, results of operations and financial condition.

Changes in tax laws or challenges to the Group's tax position and the imposition of new taxes could adversely affect the Bank's business, financial condition and results of operations

The Group is subject to the various tax laws of the jurisdictions in which the Group operates. Changes in tax laws, including the imposition of new taxes, could adversely affect the Group's tax position, including the Group's effective tax rate or tax payments. The Group relies on generally available interpretations of applicable tax laws and regulations. There is no certainty that the relevant tax authorities agree with the Group's interpretation of these laws and regulations. If the Group's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require the Group to pay taxes that it currently does not pay or increase the costs of the Group's services to monitor and pay such taxes, which could increase the Group's costs of operations or the Group's effective tax rate and have a negative effect on the Group's business, financial condition and results of operations.

Changes in consumer protection laws might limit the fees that the Group may 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 and credit cards. If introduced, such changes in laws could reduce the Group's profit for the period, though the amount of any such reduction cannot be estimated at this time. Such effects could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

Risks related to the Covered Bonds

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

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

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

Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the

Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Security and insolvency considerations

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

Final maturity and extendable obligations under the Covered Bonds

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

The applicable Final Terms may provide that the Issuer's obligations under any relevant Series of 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**). If an Extended Final Maturity Date is so specified in the Final Terms of any Series, it must be the date falling 46 years after the originally scheduled Final Maturity Date of such Series. 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**). Any Series of Covered Bonds (i) that, as provided in Condition 7.1(ii), is subject to an Extended Final Maturity Date and in respect of which any amount of principal remains unpaid on its Final Maturity Date or (ii) in respect of which any amount of principal remains outstanding following an Issuer Event and upon the occurrence of a breach of the Amortisation Test (and irrespective of whether or not the applicable Final Maturity Date of such Series has passed at the time of such breach of Amortisation Test), shall become pass-through Covered Bonds (**Pass-Through Covered Bonds**) subject to redemption as provided in Condition 7.1(ii) or, as applicable, Condition 7.1(v), as described below.

To the extent that the Issuer has sufficient monies available under the relevant Priority of Payments to repay in full or in part any Principal Amount Outstanding on any Pass-Through Covered Bonds, full or partial repayment of such Principal Amount Outstanding shall be made as described in Condition 7.1 (*Redemption and Purchase - Final redemption*). Repayment of the unpaid portion of any Principal Amount Outstanding shall be deferred automatically until the relevant Final Maturity Date or, as applicable, Extended Final Maturity Date, provided that if any amount of principal on any such Series of Pass-Through Covered Bonds remains outstanding then, among other things, the Issuer will be required on each Interest Payment Date until the relevant Final Maturity Date or, as applicable, Extended Final Maturity Date to utilise all amounts available for such purpose to redeem all Pass-Through Covered Bonds (together with, as applicable, the

Earliest Maturing Covered Bonds) on a *pro rata* basis (to the extent it has Covered Bonds Available Funds available and in accordance with the Pre-Event of Default Priority of Payments) and the Servicer will be required on each Refinance Date to attempt to sell (subject to compliance with certain conditions) sufficient Loan Assets to make the repayment due.

Except where the Issuer has failed to apply money in accordance with the relevant Priority of Payments, failure by the Issuer to pay the relevant Principal Amount Outstanding on the relevant Final Maturity Date, or on any subsequent Interest Payment Date falling prior to the relevant Extended Final Maturity Date (or the relevant later date in case of an applicable grace period), or failure by the Servicer to sell Loan Assets, shall not constitute an Event of Default. However, failure by the Issuer to pay the relevant Principal Amount Outstanding or the balance thereof, as the case may be, on the relevant Extended Final Maturity Date and/or pay any other amount then due will (subject to any applicable grace period) constitute an Event of Default.

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.

The circumstances described above under “Risks relating to the Covered Bonds – Final maturity and extendable obligations under the Covered Bonds” may result in Covered Bondholders receiving principal repayments sooner, or (as applicable) later, than they might otherwise have expected

If, as a result of the relevant circumstances described above under “Risks relating to the Covered Bonds – Final maturity and extendable obligations under the Covered Bonds” Covered Bonds of any outstanding Series become Pass-Through Covered Bonds (and therefore become required to be redeemed (subject to funds being available for such purpose) prior to their Final Maturity Date (or, as applicable, Extended Final Maturity Date)) this may cause the relevant Covered Bondholders to receive repayment of their Covered Bonds sooner than they might otherwise have expected, and this may result in a lower yield on such Covered Bondholders' investment (particularly given that no premium or other compensation will be paid in such circumstances).

Where such circumstances result in all outstanding Series becoming required to be so redeemed, the overall speed of repayment is likely to be reduced because the available funds for repayment will be divided *pro rata* between all outstanding Covered Bonds and not only those that have become Pass-Through Covered Bonds due to the relevant Final Maturity Date having passed without full repayment of the relevant Series having occurred. In such case, it is likely that the repayment of the Covered Bonds will take longer than would be the case if only one Series were being redeemed in such way.

Any such circumstances are also likely to result in Covered Bondholders receiving irregular, infrequent and/or uncertain amounts as and when funds become available to make the required repayments, and this will create a materially different repayment profile for the relevant Covered Bonds than the one anticipated by the relevant Final Terms.

Appointment of a replacement Servicer

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

In the event that no Replacement Servicer is appointed by the Trustee pursuant to the Transaction Documents, continuation of the servicing is ensured as follows: In the event of the Issuer's insolvency under

Greek Law 4261/2014, including the appointment of an administrator (*Epitropos*) in accordance with Article 137 and the placing into liquidation in accordance with Article 145, the Bank of Greece may appoint a servicer to carry out the servicing of the Cover Pool, if the Trustee fails to do so. Such person may either be (a) an administrator or a liquidator (under such Articles 137 or 145 of Greek Law 4261/2014, respectively) (and, in such event, servicing of the Cover Pool will be included in the administrator or liquidator's general powers over the Issuer's assets); or (b) irrespective of, or in addition to, the appointment of such persons, a person specifically carrying out the servicing of the Cover Pool. Any such person appointed as described in paragraph (a) or (b) above shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed.

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

Limited description of the Cover Pool

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

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

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

Credit ratings assigned to Piraeus Bank or any Covered Bonds may not reflect all the risks associated with an investment in those Covered Bonds

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

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

In addition, credit rating agencies may assign unsolicited ratings to the Covered Bonds. In such circumstances there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Covered Bonds, which could adversely affect the market value and liquidity of the Covered Bonds.

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

Changes in rating methodologies applied by rating agencies may impact the credit ratings assigned to the Issuer or any Covered Bonds

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may result in a change in the ratings given to the Issuer or the Covered Bonds which in turn may materially and adversely affect the Issuer's operations or financial condition and capital market standing.

Rating Agency Confirmation in respect of Covered Bonds

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

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

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of

which the securities form part since the issuance closing date. A Rating Agency Confirmation represents only a restatement of the opinions given, and is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction.

Covered Bonds issued under the Programme

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

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

Further Issues

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

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

Obligations under the Covered Bonds

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

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

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

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

Certain decisions of Covered Bondholders taken at Programme level

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

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

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

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

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

An active secondary market in respect of the Covered Bonds may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Covered Bonds

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and such liquidity may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Covered Bonds having to be at a substantial discount to their principal amount or for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. In addition, existing liquidity arrangements (for example, repurchase agreements by the Issuer) might not protect Covered Bondholders from having to sell their Covered Bonds at substantial discount below their principal amount, in case of financial distress of the Issuer. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

There is no active trading market for the Covered Bonds

Covered Bonds issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Covered Bonds which is already issued). If the Covered Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Covered Bonds issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Covered Bonds will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Covered Bonds. In addition, in June 2015, the Luxembourg Stock Exchange and the London Stock Exchange suspended the trading of all bonds from the four major Greek banks, including bonds issued by Piraeus Bank, for a period that lasted approximately one month, and there can be no assurance that a suspension will not be imposed again.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine

whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

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

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

If the Issuer has the right to redeem any Covered Bonds prior to maturity at its option, this may limit the market value of the Covered Bonds concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

Unless in the case of any particular Tranche of Covered Bonds the applicable Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Covered Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Hellenic Republic or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Issuer may redeem all outstanding Covered Bonds in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, pursuant to the relevant option (or during any period when it is perceived that the Issuer may be able to redeem Covered Bonds pursuant to the relevant option) the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The 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.

The value of Fixed Rate Covered Bonds may be adversely affected by movements in market interest rates

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

Covered Bonds 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 from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared with conventional interest-bearing securities with comparable maturities.

The regulation and reform of Benchmarks may adversely affect the value of Covered Bonds linked to or referencing such Benchmarks

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR and the London Interbank Offered Rate (**LIBOR**)) (each a "**Benchmark**" and together, the **Benchmark**) 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 European Council's regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the **Benchmark Regulation**) was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the EU. It will, among other things, (i) require 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 (ii) prevent certain uses by EU supervised entities (such as the Bank) of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Covered Bonds linked to or referencing a Benchmark, in particular, if the methodology or other terms of the Benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the Benchmark.

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. Such factors may have the following effects on certain Benchmarks (including EURIBOR or LIBOR): (i) discourage market participants from continuing to administer or contribute to the Benchmark; (ii) trigger changes in the rules or methodologies used in the Benchmark or (iii) lead to the disappearance of the Benchmark. 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.

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.

Future discontinuance of LIBOR or EURIBOR may adversely affect the value of Floating Rate Covered Bonds which reference LIBOR or EURIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR or EURIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Covered Bonds which reference LIBOR or EURIBOR will be determined for the relevant period by the fallback provisions applicable to such Covered Bonds. Depending on the manner in

which the LIBOR rate or the EURIBOR rate is to be determined under the Terms and Conditions of the Covered Bonds, this may be reliant upon the provision by reference banks of offered quotations for the LIBOR rate or the EURIBOR rate which, depending on market circumstances, may not be available at the relevant time or 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. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Covered Bonds which reference LIBOR or EURIBOR.

Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of Covered Bonds which are linked to a Benchmark, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Covered Bonds.

General risk factors

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

Modification, waivers and substitution

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

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

Insurance

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

Suspension of Enforcement Proceedings

There are various provisions of Greek law which could result in enforcement proceedings against a Borrower being delayed or suspended. Without prejudice to the procedures required under the Bank's Code of Conduct introduced by virtue of decision number 116/25.8.2014 of the Credit and Insurance Committee of the Bank of Greece, as replaced by decision number 195/29.7.2016 (published in Government Gazette 2376/B/2.8.2016) (the **Code of Conduct**), enforcement proceedings are usually commenced against a Borrower in respect of a Loan once it becomes 180 days in arrears, at which point the Loan is terminated. An order of payment is obtained from the judge of the competent Court of First Instance (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 Borrower and non-payment by the Borrower. Enforcement is commenced by service of the order for payment and a demand to pay on the Borrower, with the ultimate target being the collection of the proceeds of the auction of the relevant property securing the Loan. For further details, see "*The Mortgage and Housing Market in Greece - Enforcing Security*" below.

However, a Borrower may delay enforcement against the relevant property by contesting the order for payment and/or the procedure for enforcement which in turn will delay the receipt of proceeds from an enforcement against the property by the Issuer after the relevant Loan has been terminated. In particular, following amendment to the GCCP by virtue of Greek Law 4335/2015 (published in Government Gazette 87/A/23.7.2015), the following apply in relation to enforcement proceedings commencing from 1 January 2016 onwards.

A Borrower can file a petition of annulment against the order for payment pursuant to Article 632 of the GCCP (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 Borrower resides abroad, or if the Borrower 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 Borrower fails to contest the order for payment, the order may be served again on the Borrower and a further 15 business days are available to the Borrower to file a petition of annulment against the order for payment pursuant to Article 633 of the GCCP (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 of Appeal rejects the Article 632 Annulment Petition or the Article 633 Annulment Petition.

The filing of an Article 632 Annulment Petition entitles the Borrower to file a petition for suspension of the enforcement against the relevant property pursuant to Article 632 of the GCCP (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 Borrower 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 Borrower 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 GCCP, as amended by Article 207 of Law 4512/2018 (an **Article 933 Annulment Petition**). An Article 632 Annulment Petition or Article 633 Annulment Petition and an 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 GCCP, 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 Borrower'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 Borrower 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 Borrower 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 pursuant to Article 937 of the GCCP (an **Article 937 Suspension Petition**); such suspension may be granted if the Court considers that the appeal is likely to succeed and the Borrower 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 Borrower 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 Borrower may seek the postponement of the auction by alleging that the value of the property has been underestimated by the enforcing party or that the fixed first offer is too low. The relevant petition should be filed, at the latest, fifteen business days prior to the auction and a relevant decision is then issued by 12.00 pm on the date which falls eight days prior to the auction. 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 GCCP as amended by Article 207 para. 4 of Greek Law 4512/2018). The evaluation of the property cannot be less than the property's "commercial value", as calculated in accordance with presidential decree 59/2016 (published in Government Gazette 95/A/27.5.2016). 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 Borrower. Furthermore, suspension of the auction for up to six months may be sought by the Borrower pursuant to Article 1000 of the GCCP, on the grounds that there is a good chance of the Borrower being able to satisfy the enforcing party or that, following the suspension period, a better offer would be received at auction.

Following two unsuccessful auctions, a petition may be filed by any interested party for a new auction date to be set, with the same or a lower fixed first price, or for a permission for a direct sale of the property at a price to be determined by the court (in accordance with para. 2 of Article 966 as amended by Article 23 of Greek Law 4549/2018). A recent valuation report of the auction property, dated after the date of the last auction, should be submitted on the hearing date which is set within eight business days as from the date of the filing of the petition, while the relevant court decision is issued within eight business days from the hearing date.

Once the allocation of proceeds amongst the creditors of the Borrower has been determined pursuant to a deed issued by a notary public, the creditors of the Borrower 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 pursuant to Article 979 in conjunction with Article 1006 para. 3 of the GCCP. 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 Issuer 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 (Article 980 para. 2 in conjunction with Article 1006 para. 3 of the GCCP).

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 during the week prior to and the week following the date of national, European Community and Municipality elections (pursuant to Article 998 para. 2 of the GCCP, as replaced by Article 207 para. 15 of Law 4512/2018).

The reform of the GCCP by virtue of Greek Law 4335/2015 (published in Government Gazette 87/A/23.7.2015) and subsequently by Greek Law 4512/2018 (published in Government Gazette 5/A/17.1.2018) providing for the conduct of auction exclusively through electronic means, and further by Greek Law 4549/2018, aim to speed up the pace of enforcement proceedings commencing from 1 January 2016 onward. It should be noted however that in practice the Courts of First Instance are usually not in a position to observe the strict deadlines for the hearing of the relevant annulment petitions and the issuance of decisions thereon as provided for in the GCCP.

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

Further, pursuant to Article 2 of Greek Law 4224/2013, from 1 January 2014 until 31 December 2014 the auction of a debtor's main residence was suspended provided that the following requirements were all met: a) the relevant property was stated as the debtor's main residence in his/her last annual tax statement; b) the value of the residence did not exceed €200,000; c) the annual family income of the debtor did not exceed €35,000 (or €38,500 for families with three children or more or for those with disabilities of more than 67 per cent.); d) the total value of the debtor's tangible and intangible assets did not exceed €270,000 (or €297,000 for families with three children or more or for those with disabilities of more than 67 per cent.); and e) the total amount of deposits and securities held by the debtor as at 20 November 2013, in Greece or abroad, did not exceed €15,000 (or €16,500 for families with three children or more or for those with disabilities of more than 67 per cent.). During this suspension, the auctioning of the guarantor's real property was not permitted. Though this suspension of the auction of a debtor's main residence was not officially extended by law after such date, as proven by an announcement of the Hellenic Banking Association, credit institutions operating in Greece voluntarily committed themselves to retain the protection of debtors' main residence, in accordance with Greek Law 4224/2013, until 31 December 2015.

Finally, following the imposition of capital controls regime in Greece, by virtue of Ministerial Decision no. 49214/21-7-2015, as amended, enforcement proceedings, including auctions, were suspended from 21 July 2015 until 31 October 2015.

Rescheduling of debts of distressed debtors

Greek Law 3869/2010 of the Hellenic Republic (published in the Government Gazette issue No. A/130/3.8.2010), as amended by Greek Laws 3996/2011, 4019/2011 and 4161/2013, 4336/2015, 4346/2015, 4366/2016 and most recently by Greek Law 4549/2018, regulates the readjustment of overdue debts of individuals that do not have the ability to be declared bankrupt pursuant to general bankruptcy provisions under Greek law. Eligible individuals are only those who are in permanent and general financial inability to repay their overdue debts. Debts that have been undertaken during the year preceding the filing of the application with the competent Magistrate's Court and debts that derive from torts owing to wilful misconduct or gross negligence, or administrative or penal fines or debts from alimony or child maintenance are excluded from the scope of the law. Greek Law 4336/2015 extended the scope of Greek Law 3869/2010 to also include debts towards the Greek State, tax authorities, local authorities and social security organizations, provided however that the relevant application includes also debt to private entities or persons.

Circular no. 1036/18.03.2016 issued by the Ministry of Finance, as supplemented by Circular no. 1122/26.06.2018 of the Independent Authority for Public Revenue, also provides certain clarifications on the provisions of Greek 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.

The law provides for out-of-court and judicial settlement procedures aiming to enable such individuals to develop, in agreement with creditors holding at least the majority of the overdue debts, a plan to repay their debts in the course of time. The filing of a relevant petition by the debtor results in the lifting of the bank secrecy covering his/her accounts in favour of his/her creditors included in the petition. In particular, the relevant court petition should be filed alongside the debtor's authorisation to any credit institution, in Greece or abroad, to provide the creditors with the transaction history of the accounts and any other banking products of the debtor for the period starting five years prior to the filing of the court petition to the hearing date, which the creditors are authorised to process and use for the handling of the petition. With respect to petitions that were pending as at 14 June 2018, such authorisation is deemed to have been granted by the debtor, in case he/she did not resign therefrom by 14 September 2018. Further, upon relevant request by a creditor (which is submitted through a public prosecutor) credit institutions, tax authorities and the debtor's employer are obliged to provide the creditor with information relating to the debtor's income and financial conditions.

Within two business days as from filing of the relevant petition, the secretary of the Magistrate's Court must examine the documents submitted and in case of deficiencies, the debtor is invited to provide the requested documents within fifteen days (such deadline may be extended up to two months). If the debtor does not submit the requested documents within the above deadline, the filing of the petition is not completed and no hearing date is set. Within the same time-frame, the secretary of the Magistrate's Court further examines: (1) if it is evident from the documents submitted that the debtor has any income from business activities; and (2) if the debtor has submitted any other petition in the past, whether still pending or not, in which cases the secretary makes appropriate notes on the petition file to be evaluated by the court.

Following completion of the filing of the petition, the Magistrate's Court sets a date, no later than six months as from the completion of the filing of the relevant petition, for the hearing of the petition, and also a date, no later than two months as from the completion of the filing of the relevant petition, for the ratification of the proposed settlement, and the debtor is obliged to pay monthly instalments which cannot be less than 10 per cent. of the monthly instalments that would be payable by the debtor to all his/her creditors and, in any case, not less than €40 in the aggregate. Such instalments get allocated among creditors on a *pro rata* basis.

On the date set for the ratification of the proposed settlement, either the settlement will be ratified, or the debtor's request for the issuance of an injunction measure will be heard. Until this date, enforcement proceedings against the debtor are suspended and no disposal of the debtor's assets is permitted. Such suspension of enforcement proceedings does not apply in cases where the debtor has already filed a relevant petition twice in the past and has subsequently resigned from it. The debtor is deemed to have resigned from the petition in case the hearing date is cancelled and no request for the setting of a new hearing date is filed within thirty days of the cancelled hearing date. Further, in case there is a note on the petition file from the secretary of the Magistrate's Court that the debtor has income from business activity, the Magistrate Court shall decide within ten days whether the aforementioned suspension of enforcement proceedings shall apply, by examining exclusively whether the debtor is a merchant or not.

If a settlement has not been reached and ratified by the Magistrate's Court, the latter may order on that date (either upon the debtor's or the creditor's request or *ex officio*) the suspension of enforcement proceedings against the debtor, the maintenance of his/her assets, as well as the payment of monthly instalments until the issuance of a final decision. Such instalments will be allocated among creditors on a *pro rata* basis. The Magistrate's Court, when determining the amount of monthly instalments, applies *inter alia* the criterion of "reasonable living expenses", however these instalments cannot be less than 10 per cent. of the monthly instalments that would otherwise be payable by the debtor to all his/her creditors. In any case, these monthly

instalments payable to all creditors may not be less than €40 in the aggregate. Exceptionally, according to Article 8 par. 5 of Greek Law 3869/2010, the Magistrate's Court may determine monthly instalments at a lower amount, or even zero. The above court order is granted for the time period up to the hearing date set for the debtor's petition. If such a court order has not been issued, any enforcement proceedings against the debtor for the same period (i.e. up to the hearing date) by the creditors included in the relevant petition, may be suspended by court decision upon filing of the relevant application by the debtor or any other interested party.

If the debtor delays the payment of the above monthly instalments and the total amount due exceeds the aggregate of three monthly, successive or non-successive, instalments, the affected creditor(s) may serve an extrajudicial notice on the debtor, inviting him/her to fulfil his/her obligations within thirty (30) days, otherwise the suspension of enforcement proceedings automatically ceases to be in effect, upon the affected creditor giving the other creditors relevant notice and provided that the affected creditor submits to the secretary of the Magistrate's Court relevant declaration along with the above extrajudicial notice to the debtor. In addition, if the debtor systematically delays the payment of the monthly instalments, without the total amount due exceeding the aggregate of three monthly instalments, the court order for the suspension of enforcement proceedings against the debtor may be revoked by the Magistrate's Court.

Interest stops accruing, except interest relating to secured debts that continues to accrue until the issuance of the court decision in respect of the relevant petition. However, in this case no default interest or compound interest shall accrue. Such cessation or limitation of interest accruing is lifted retrospectively, in case the petition is rejected by a final court decision.

Should these procedures fail, debts may be readjusted by the competent Magistrate's Court (on the basis of the family income and property and after taking into consideration the family needs based on the criterion of "reasonable living expenses" of the debtor and his family, as these expenses are defined by the Hellenic Statistical Authority) by way of payment in monthly instalments of an amount set by the court within a period of three years, such instalments to be paid directly to the creditors on a *pro rata* basis, after deducting the amount of the instalments ordered by the Magistrate's Court and paid by the debtor after the filing of the petition and up to the issuance of a final court decision. Proper repayment of the amount adjudicated by the court shall release the debtor from its debts. In extreme circumstances, such as chronic unemployment, or serious health problems, the Magistrate's Court may determine monthly instalments at a lower amount, or even zero, but in such a case the court would re-examine on a regular basis whether those circumstances continue to apply. The time for the filing of the application with the competent court started from January 2011 onwards.

In addition, a liquidator may be appointed in order to liquidate any property assets and distribute the proceeds to the creditors or to monitor and assist the proper consummation of the readjustment plan.

The debtor, under certain circumstances, may also apply for the exclusion of his or her main residence from liquidation. In particular, for petitions filed until 31 December 2015 such exclusion is subject to the total area of such residence not exceeding the limit provided by law for the non-application of transfer tax, plus 50 per cent. thereon.

For petitions filed from 1 January 2016 onwards, the debtor may, until 31 December 2018, apply for the exclusion of his/her main residence subject to the following requirements each being met: the debtor's family monthly income does not exceed the "reasonable living expenses" of the debtor and his family, plus 70 per cent. thereon; the "objective" value of the residence does not exceed €180,000, increased by €40,000 in case of a married debtor and by €20,000 per child up to three children; and, finally, the debtor is a "cooperative borrower" within the meaning of the Code of Conduct. In this case, the court will readjust the debt for a period not exceeding twenty years (or thirty-five years, in case the relevant loan tenor is more than twenty years) in an amount corresponding to the debtor's payment ability, provided however that secured creditors will not be placed in a worse position than that they would have been in case of foreclosure proceedings, as determined in accordance with the Act of Executive Committee of the Bank of Greece No. 54/15.12.2015.

Upon the request of any litigant, the commercial instead of the “objective” value of the residence is to be taken into account. This commercial value is to be determined by an appraiser appointed by the court upon petition of the litigant, which should be filed no later than six months prior to the hearing date. The costs of the appraisal will be borne by the litigant who petitions the court to request the appraisal. If the court does not exclude the debtor’s main residence from the liquidation, then during the three year period as from the issuance of the relevant court decision (in case of any auction) the fixed first offer for the debtor’s main residence may not be set lower than above value limit. If two consecutive auctions with such fixed first offer are unsuccessful, the debtor may once again request from the court the exclusion of his/her main residence from the liquidation (provided that the rest of the requirements are met), in which case it is un rebutably presumed that the value of the residence does not exceed the value limit set out in the law.

Effective 1 January 2016, a new procedure for express settlement of minor debts has also been introduced. This procedure concerns lightly indebted individuals, provided that the following requirements are each met: (i) the total amount of debts (including any interest, expenses and surcharges) do not exceed the amount of EUR 20,000, (ii) as at the date of the filing of the relevant petition and the date of ratification the debtor does not have any real property and has not transferred any real property during a three year period preceding the petition filing date, (iii) the debtor’s other assets, including bank deposits, do not exceed the amount of EUR1,000, (iv) the debtor did not have any income during the year preceding the date of ratification, (v) there are no secured creditors and (vi) the debtor is a “cooperative borrower” within the meaning of the Code of Conduct. In such case, provided that the relevant creditors do not contest the fulfilment of the above requirements, the Magistrate’s Court may upon relevant request by the debtor temporarily discharge the debtor from the debts included in the petition for a time period of eighteen months. During such period, all enforcement proceedings against the debtor are suspended by operation of law. During such time the debtor must notify, at least every three months, the secretary of the competent Magistrate’s Court of any change in his/her income and property status. In case the debtor breaches this obligation or otherwise in case of a change in the debtor’s income or property status, debtors are entitled to request the lifting of the temporary discharge status of the debtor. If after the expiration of the above eighteen months period the status of the debtor remains unchanged, the debtor is discharged from his/her debts.

In all above cases, the rights of the creditors against co-debtor(s) or guarantors remain unaffected.

In case the debtor’s petition for the readjustment of his/her overdue debts is unsuccessful, the same debtor will be permitted to file a new petition after one year has passed from the issuance of the relevant court decision. The debtor will not be permitted to file a new petition in cases where the original petition was rejected on the grounds that the debtor’s permanent and general financial inability to pay his/her debts was due to the debtor fraudulently breaching their duty to provide true and accurate information on his/her assets, income and financial conditions or due to willfull misconduct by the debtor.

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

Special Procedures for Over-Indebted Business Undertakings and Professionals

Greek Law 4307/2014, which was enacted on 15 November 2014, introduced a new set of extraordinary temporary measures for the relief of debts owed by small business undertakings and professionals (with turnover of the fiscal year 2013 not exceeding the limit of €2,500,000) to finance providers, the Greek State and social security funds. Greek Law 4307/2014 (Articles 60 *et seq.*) provides for (a) write-offs and/or restructuring of debts, coupled with a tax incentive for the banks implementing the new law and (b) new pre-bankruptcy proceedings that, among others, allow the banks to take control of the borrower’s business through the appointment of an administrator. In order for small businesses and professionals to qualify for the purposes of restructuring or write-off of debts under Greek Law 4307/2014, an application to the relevant finance provider(s) must be filed not later than 30 September 2016 (as extended most recently by Article 56 of Greek Law 4403/2016), subject to certain criteria set out in Greek Law 4307/2014.

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 petition order a stay of enforcement proceedings against the borrower until the issuance of the relevant court decision. 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.

Out-of-court Mechanism for Settlement of Business Debts

Greek Law 4469/2017 (published in the Government Gazette 62/A/3.5.2017), as amended by Greek Law 4472/2017 (published in the Government Gazette 74/A/19.5.2017) and most recently by Greek Law 4549/2018 (published in the Government Gazette 105/A/14.6.2018), introduces an out-of-court mechanism for the settlement of debts owed by a debtor to its 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.

The law 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 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.

Debts created after 31 December 2017 are out of scope.

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 two days following receipt of a complete application. Within ten 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 GCCP;

(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 GCCP; and

(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). If the court ratifies the debt restructuring agreement, then such agreement is mandatory for all the creditors, irrespective of their participation or not in the negotiation or the restructuring agreement.

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.

Circulars no. 1126/03.07.2018 and no. 1055/23.03.2018 of the Independent Authority for Public Revenue, as well as Joint Ministerial Decision no. 86768/13.08.2018 (published in the Government Gazette 3498/B/21.08.2018) provide certain clarifications on the provisions of Greek Law 4469/2017, as amended and in force, including details with respect to the requirements for the submission of an application related to the out-of-court settlement of business debts.

Greek Law 4469/2017 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.

Insolvency Procedures

The bankruptcy code was enacted by Greek 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 times and most recently by virtue of Greek Laws 4446/2016 (effective as of 22 December 2016), 4472/2017 (effective as of 19 May 2017), 4491/2017 (effective as of 13 October 2017) and 4549/2018 (effective as of 14 June 2018). 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:

(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);

(b) a rehabilitation agreement under the Bankruptcy Code (Articles 99-106f, as replaced and amended by Article 6 of Greek Law 4446/2016) between a debtor and a qualifying majority of its creditors; and

(c) a restructuring plan under the Bankruptcy Code (Articles 107-131, as amended by Article 7 of Greek Law 4446/2016) following its approval by the court and the creditors.

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. Amendments of the Bankruptcy Code by Greek Law 4336/2015 and most recently by Greek Law 4446/2017 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.

The pre-bankruptcy “rehabilitation” procedure has been revised through Article 6 of Greek Law 4446/2016. This procedure applies for individuals or legal entities that have the ability to be declared bankrupt and are in a state of actual or threatened financial inability. Rehabilitation provides for a rescue process following judicial intervention. In particular, rehabilitation involves ratification by the competent court of the relevant rehabilitation agreement providing for the restructuring of the debtor’s debts. In order to be filed for ratification by the competent Court, the rehabilitation agreement must be signed by the debtor and by creditors representing a majority of 60 per cent. of total claims, including at least 40 per cent. of the claims secured by securities *in rem* or a pre-notation. The debtor is not required to be a party to the rehabilitation agreement, in case the debtor is in a state of cessation of payments. Further, in order to be ratified by the Court, the rehabilitation agreement should, amongst others, render the debtor’s business viable (a viability assessment by the Court however is not required, if the rehabilitation agreement includes the contracting creditors’ explicit statement that they agree with the proposed business plan, a detailed record of the identity of all creditors (contracting or not) and of their claims, reference of those creditors (contracting or not) whose claims are anticipated to be affected by the implementation of the agreement, and the agreement along with the business plan have been notified to all non-contracting creditors affected by the agreement), treat all creditors of the same type equally (unless preferential treatment of specific creditors is justified by material business or social grounds which should be explicitly mentioned in the court decision, or the adversely affected creditor consents to such preferential treatment) and not result in any non-consenting creditor being placed in a worse position than that it would have been in case of a bankruptcy liquidation of the debtor’s assets.

Upon its ratification, the rehabilitation agreement is binding upon all creditors, i.e. including the dissenting creditors. In other words, the ratification of this agreement allows a qualified majority (60 per cent. of all creditors including 40 per cent. of all secured creditors) to cram down on non-consenting creditors.

The rehabilitation agreement may provide *inter alia* for any readjustment of the liabilities of the debtor, including (amongst other things) the amendment of the terms of the obligations of the debtor (indicatively, interest rate, date of payment), the reduction of claims against the debtor and the suspension of individual and collective enforcement actions against the debtor for a certain period of time, such suspension being binding on non-consenting creditors for a period up to three months as from the ratification of the rehabilitation agreement by the Court. However, claims secured by pre-notations may not be adversely affected by the rehabilitation agreement, in the sense that such secured claims may only be reduced to the amount that would reasonably be anticipated to be recovered, were foreclosure proceedings to be initiated in relation to the mortgaged property (i.e. the rank of the pre-notation, the value of the mortgaged property and any generally preferred creditors should be taken into account).

The Bankruptcy Code provides for the following suspension of enforcement proceedings in relation to rehabilitation procedure:

(a) Upon filing of a petition before the competent Court for the ratification of a rehabilitation agreement and until the issuance of the court decision, all enforcement proceedings and injunction measures (including for

the imposition of a provisional seizure and the registration of a pre-notation), against the debtor are suspended automatically by operation of law; such suspension applies only once and may not exceed four months. Throughout this automatic suspension, the disposition of the debtor's real property and business equipment is prohibited;

(b) Following the filing of a petition before the competent Court for the ratification of a rehabilitation agreement, the Court may upon petition order a stay of enforcement proceedings against the debtor until the issuance of the relevant court decision; and

(c) Prior to the filing of a petition before the competent Court for the ratification of a rehabilitation agreement, subject to written consent of creditors representing at least 20 per cent. of the debtor's debts, the Court may upon petition order a stay of enforcement proceedings against the debtor until the filing of the relevant petition for the ratification of a rehabilitation agreement; such stay may only be imposed once and may not exceed four months.

Administration of non-performing loans

In February 2013, the Government Council for the Administration of Private Debt (the **Council**) was established by virtue of Article 1 of Greek Law 4224/2013, as replaced by Articles 72-74 of Greek Law 4389/2016, whose objective is, amongst others, to form policies for the organization of an integrated mechanism for the effective administration of non-performing loans, to propose amendments to the existing legal framework, both in terms of substance and procedure to this effect, and to establish a network for the provision of free consultancy services to individuals and legal entities on debt management and for the planning of financial management awareness for households and SMEs.

The above law also provides that the Council defines the principles of the “*cooperative borrower*” and makes estimates as to the “*reasonable living expenses*” which are incorporated in the “*Code of Conduct*” for the administration of non-performing loans.

Pursuant to the provisions of this law, the Hellenic Consumers' Ombudsman will mediate between lenders and borrowers aiming to re-schedule non-performing loans and, in particular, in relation to issues of application of the aforesaid “*Code of Conduct*”. The terms and procedures for the mediation performed by the Consumers' Ombudsman are determined by virtue of Ministerial Decision 5921/2015 (published in Government Gazette 92/B/20.1.2015).

The Bank of Greece by the Act of Executive Committee No. 42/30.5.2014, as amended by the Acts of Executive Committee No. 47/9.2.2015, 102/30.8.2016, 134/05.03.2018 and 136/02/04.2018, determined the framework of obligations of credit institutions in relation to the administration of overdue and non-performing loans, providing for the establishment of an independent unit in each credit institution for the administration of such loans and of a separate procedure for the administration thereof, supported by appropriate IT systems and filing of periodic reporting to the management of the credit institutions and the Bank of Greece. Further, this Act includes an indicative list of usual loan rescheduling models.

In implementation of Article 1 of the aforementioned Greek Law 4224/2013, the Credit and Insurance Committee of the Bank of Greece introduced the Code of Conduct for regulated institutions extending credit in Greece as per Greek Law 4261/2014. The Code of Conduct, which came into force on 31 December 2014, lays down general principles of conduct and introduces provisions in relation to the procedures for risk assessment, valuation of the repayment ability, binding rules of conduct for the institutions with precise timelines, including the establishment of detailed and documented arrears resolution procedure and appeals review procedure, and terms of communication between institutions and borrowers. The concepts of “*cooperative borrower*” and “*reasonable living expenses*” introduced by Greek Law 4224/2013 shall be used in the decision-making process for rescheduling non-performing loans.

The Code of Conduct requires, *inter alia*, detailed written procedures for loans in arrears, detailed record with categorisation of loans and borrowers, standardisation of the content of communications, compliance with the guidelines of the Code of Conduct as to the manner, timing and confidentiality of communications and specific requirements as to the procedures for loans in arrears, including mandatory notifications in writing, procedures for the filing and assessment of appeals and the handling of "non-cooperating" borrowers.

In particular, a borrower may be categorized as "non-cooperating" only if he does not provide requested financial information or a response, as applicable, within a deadline of 15 business days as from relevant notification by the credit institution. Further, in case enforcement on the borrower's main residence could be initiated as a result of the borrower being categorized as "non-cooperating": (i) before proceeding to such categorization the credit institution should first send to the borrower a relevant warning letter, within 30 calendar days as from the lapse of above deadline of 15 business days, and (ii) following such categorization the credit institution should notify the borrower in writing within 15 calendar days.

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 and obligations imposed by the Code of Conduct.

In dealing with cases of borrowers in arrears or pre-arrears, each institution has to apply an arrears resolution procedure involving the following steps: (i) Step 1: communication with the borrower, (ii) Step 2: collection of financial and other information, (iii) Step 3: assessment of financial data, (iv) Step 4: proposal of appropriate solutions to the borrower and (v) Step 5: appeals review procedure.

Compliance of credit institutions with the principles and the provisions of the Code of Conduct before proceeding to enforcement may cause further delays in the initiation of enforcement proceedings.

Articles 1-3A of Greek Law 4354/2015, which entered into force on 16 December 2015 (published in Government Gazette 176/A/16.12.2015), as these have been replaced by Article 70 of Greek Law 4389/2016 (published in Government Gazette 94/A/27.5.2016) and further amended by the fourth and tenth Articles of Greek Law 4393/2016, Article 48 of Greek Law 4472/2017 and most recently by Article 69 of Greek Law 4549/2018 introduced and regulate the sale and purchase of loans that can include NPLs portfolios and the management thereof and sets out the legal framework for the establishment and operation in Greece of relevant credit servicing firms and loan purchasing firms. The Bank of Greece Executive Committee Act no. 118/19.5.2017 (which replaced Act no. 95/27.5.2016) was also issued, setting out the regulatory framework of such credit servicing firms, further determining the procedure and requirements for the establishment and operation thereof.

Settlements for Subsidised Loans from OEK

Pursuant to Article 55 of Greek Law 4305/2014, it is provided for borrowers to file a petition for the extension of the term of their OEK Subsidised Loans, pursuant to the terms and conditions stated in Article 55 of Greek Law 4305/2014, provided that at the date of such petition the amount of any due payments that remain unpaid does not exceed the aggregate of six monthly instalments. Such petition must be filed within six months from the aforementioned Greek Law's publication (the law was published in the Government Gazette 237/A/31.10.2014), subject to any extension to be granted by a respective Ministerial Decision. By virtue of relevant decisions of the Minister of Finance (no. 19068/819/4.5.2015 and 21559/732/25.5.2016, respectively) such time period to file a petition was extended initially until 31 December 2015 and subsequently until 31 December 2016. Any such prolongation of the relevant OEK Subsidised Loans may entail a reduction of the instalment's amount at a percentage from 40 per cent. to 90 per cent. on average. Therefore, this law may have an adverse effect on the timing or the amount of collections under those Loans concluded with Borrowers that fall under its scope and make use of its provisions.

Auction Proceeds

The proceeds of an auction following enforcement against a property securing a Loan must be allocated in accordance with Article 975 (as replaced by Article 1, Article eighth par. 2 of Greek Law 4335/2015 with respect to enforcement proceedings initiated from 1 January 2016 onwards), Article 976, Article 977 (as replaced by Article 1 Article eighth par. 2 of Greek Law 4335/2015 with respect to enforcement proceedings initiated from 1 January 2016 onwards) and Article 977A (added through Article 176 para. 1 of Greek Law 4512/2018) of the GCCP. These Articles require the notary public who acted as the auction clerk to deduct from the proceeds the expenses (including legal, bailiffs and notarial fees) incurred in connection with the enforcement proceedings. Following such deduction, the proceeds are allocated among participating creditors, depending on their classification; in particular:

- (a) creditors enjoying general privileges 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 in the previous 12 months, as well as compensation claims against the Borrower of persons suffering disability at the level of 80 per cent. or more, with the exception of moral suffering damages, arising until the time of the auction or the declaration of bankruptcy;
 - (ii) costs for the nourishment of the Borrower and his family arising in the previous six months prior to the auction date or the 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; and
 - (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) arising in the previous two years before the date of the auction or the declaration of bankruptcy (this should not be relevant for any Borrower),
- (b) secured creditors through a mortgage or a mortgage pre-notation over the property; and
- (c) unsecured creditors.

Article 977A of the GCCP introduced new allocation rules in relation to new claims created from 17 January 2018 onwards, if such claims are secured through a mortgage or mortgage prenotation over the property which was not subject to any encumbrance as at 17 January 2018. Pursuant to Article 977A of the GCCP, to the extent applicable and after the deduction of the enforcement expenses, the auction proceeds are allocated in the following order:

- (a) to claims arising prior to the date of the first auction which relate to unpaid wages of up to six (6) months arising from a dependent employment and up to a monthly amount equal to the statutory minimum wage for an employee aged over twenty five (25) years, multiplied by 275%. These claims are satisfied in priority to any other claim (super privilege);
- (b) to the secured creditors (i.e. through a mortgage or mortgage pre-notation over the property);
- (c) to the creditors enjoying general privileges; and
- (d) to unsecured creditors.

In cases where a mortgage or mortgage pre-notation is registered over more than one properties of the Borrower, the abovementioned claims which relate to unpaid wages and benefit from the super privilege, are satisfied from the auctions proceeds as follows: 1) *pari passu*, if the auctions took place simultaneously; or 2) in chronological order of the auctions up until full satisfaction, if the auctions took place successively. In the latter case, the secured creditors which are not satisfied due to the super privilege are granted a right to be satisfied for the unrecovered part of their claim from the proceeds of the auctions of the remaining properties of the Borrower.

Accordingly, in cases where the allocation of the auction proceeds takes place in accordance with Article 977A of the GCCP and there are creditors benefiting from super privilege, the Issuer (as owner of a first-ranking pre-notation) could be totally excluded from the allocation of the auction proceeds or be only partially satisfied from the auction proceeds thereof. 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. It should be noted that the application of Article 977A remains untested.

In case above requirements of Article 977A of the GCCP are not met, for enforcement proceedings initiated from 1 January 2016 onwards allocation of auction proceeds takes place in accordance with Article 977 of the GCCP; in particular:

- (a) In case of concurrence of creditors enjoying general privileges and of secured creditors (i.e. through a mortgage or mortgage pre-notation over the property) and of unsecured creditors, the proceeds are allocated as follows:
 - up to 65 per cent. to the secured creditors (any surplus is allocated first to creditors enjoying a general privilege and then to unsecured creditors);
 - up to 25 per cent. to the creditors enjoying general privileges (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 creditors enjoying a general privilege and two-thirds to secured creditors).
- (b) In case of concurrence of creditors enjoying general privileges 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 creditors enjoying general privileges); and
 - up to one-third to the creditors enjoying general privileges (any surplus is allocated to secured creditors).

(c) 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.

Accordingly, in cases where the allocation of the auction proceeds takes place in accordance with Article 977 of the GCCP, the Issuer, as owner of a first-ranking pre-notation 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 enjoying a general privilege under Article 975 of the Greek Civil Procedure Code exists. In such case, the proceeds may not be sufficient to discharge the amount that is owed by the Borrower to the Issuer under the Loan, which may in turn affect the Issuer's ability to meet its obligations in respect of the Covered Bonds.

The length, complexity and uncertainty of success of enforcement procedures in Greece to date means that, in relation to any defaulted or delinquent Loan included in the Cover Pool, there may be a substantial delay in recovering any amounts due under the relevant Loan which may adversely affect the Issuer's ability to meet its obligations under the Covered Bonds. Recent reform of the Greek Civil Procedure Code by virtue of Greek Law 4335/2015 (published in Government Gazette 87/A/23.7.2015), aims at speeding up the pace of enforcement proceedings commencing from 1 January 2016 onwards. However, in practice the Courts of First Instance are usually not in a position to observe the strict deadlines for the hearing of the relevant annulment petitions and the issuance of decisions thereon.

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

Greek Consumer Protection Laws

Greece has specific consumer protection legislation (Greek Law 2251/1994 as repeatedly amended, mainly by Greek Law 3587/2007 and ministerial decision Z1-891/2013 (Government Gazette B/2144/30.8.2013) and most recently by Greek Law 4512/2018, following Directive 87/102 as amended most recently by Directives 2002/65, 2005/29 and Directive 2011/83 amending Council Directive 93/13/EEC and Directive 1999/44/EC and repealing Council Directive 85/577/EEC and Directive 97/7/EC). Greek Law 4512/2018 effected significant amendments to Greek Law 2251/1994, including amongst others, the adoption of the EU consumer definition (i.e. individuals acting outside the scope of their business, professional, commercial or craft activities) as opposed to the previously broad definition of consumer as the final recipient of goods and services - thus also including legal entities. Thereafter, Greek law 2251/1994 was codified by virtue of Ministerial Decision no. 5338/2018 (Government Gazette 40/B/17.01.2018).

Furthermore, according to statutory delegation granted by Greek Law 3587/2007, the Greek Ministry of Development issued a decision in June 2008 (No. Z1-798 published in Gov. Gazette 1353/B/11.7.2008, as amended and clarified by Ministerial Decisions Z1-21/17.1.2011 published in Gov. Gazette 21/B/2011 and Z1-74/2011 published in Gov. Gazette 292/B/2011), by which a number of provisions of mortgage loans (including the calculation of interest on the basis of a 360 day year, certain arrangement fees and prepayment penalties, termination of the mortgage loan and demand of the total outstanding balance due to any late payment, and disclaimer of the guarantor regarding certain rights granted to guarantors under Articles 862-868 of the Greek Civil Code) have been declared to be "abusive" and are thus null and void, because these provisions have already been held to be abusive and therefore illegal by irrevocable decisions of the Greek Courts. The above Ministerial Decision applies also to mortgage loans entered into prior to its enactment

because the Greek Supreme Court has repeatedly held that the consumer protection laws have retrospective effect and apply also to agreements previously entered into.

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

Further, the Greek Supreme Court by its decision No. 15/2007 on litigation with an individual borrower (not a class action) held that a penalty charged upon prepayment of a fixed rate mortgage loan (in that case six months' interest on the amount prepaid) is valid and enforceable, provided that the calculation of the amount of such penalty is transparent and justified in accordance with the terms of the mortgage loan. Moreover, a recent amendment of the consumer protection legislation (Greek Law 2251/1994 Article 2 paragraph 7(xxxii)) provides that any penalty clause in a consumer contract must be sufficiently justified by reference to the actual loss it aims to cover.

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

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

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

The standard documentation of certain Loans linked to the Issuer's base rate provides for adjustment of the Issuer's base rate either based on the profile variation of one month EURIBOR plus/minus 50 basis points, without reference to specific factors justifying such adjustment, or on a variety of factors without reference

to any index rate. Such interest adjustment term may be held not to comply with the clarity and transparency requirements as set out in the preceding paragraph.

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

Finally, it should be noted that due to wide fluctuations in CHF/EUR currency exchange rates during recent years, borrowers of Swiss franc-denominated mortgage loans have filed lawsuits before Greek Courts seeking the redenomination of their mortgage loan from CHF to EUR based on the CHF/EUR currency exchange rate applicable at the time of the loan disbursement.

There have been a number of decisions by Greek courts of first instance in cases brought by individual borrowers (not a class action), which held that the provision of a mortgage loan denominated in CHF (and originated by a Greek credit institution) under which payments on the loan by the borrower were to be made in EUR based on the CHF/EUR exchange rate applicable on the date of payment, is "abusive" and thus null and void, and that payments in EUR should be calculated on the basis of the CHF/EUR exchange rate applicable on the date of the loan disbursement (indicatively decision no. 23/2014 of the Multi-Member First Instance Court of Xanthi, no. 23/2015 of the Multi-Member First Instance Court of Rodopi, no. 56/2015 of the Multi-Member First Instance Court of Alexandroupolis, no. 161/2015 of the Multi-Member First Instance Court of Ioannina, no 35/2015 of the Multi-Member First Instance Court of Rhodes, no. 2/2016 of the Multi-Member First Instance Court of Trikala, no. 619/2016 of the Multi-Member First Instance Court of Piraeus and most recently decisions no. 456/2017 of the Multi-Member First Instance Court of Nafplion and no. 1911/2017 of the Multi-Member First Instance Court of Piraeus). There have also been a number of decisions by Greek courts of first instance which held that such provision of a mortgage loan denominated in CHF is not "abusive", resulting in the respective lawsuits by the relevant borrowers being withdrawn (indicatively decision no. 56/2015 of the Multi-Member First Instance Court of Kavala, decisions no. 353/2016, 1101/2016, 1213/2016 and 8713/2016 of the Multi-Member First Instance Court of Thessaloniki and most recently decision no. 1588/2017 of the Multi-Member First Instance Court of Athens). It should be noted that most of these court decisions are subject to appeal before the competent Court of Appeal. To date, there have been two reported decisions by Greek Courts of Appeal in cases brought by a borrower. Neither of these were a class action and both ruled in favour of the borrower (decision no. 24/2017 of the Court of Appeal of Thrace, which reversed decision no. 23/2014 of the Multi-Member First Instance Court of Xanthi, and decision no. 791/2017 of the Court of Appeal of Piraeus, by which decision no. 619/2016 of the Multi-Member First Instance Court was upheld). The first decision out of these cases was issued by the Greek Supreme Court (namely decision no. 884/2018, issued following appeal against decision no. 8713/2016 of the Multi-Member First Instance Court of Thessaloniki) which held that such provision of a mortgage loan denominated in CHF is not "abusive". However, this case was then referred to a plenary session of the Greek Supreme Court for a final decision.

Further, there have been two reported decisions issued by the Multi-Member First Instance Court of Athens in relation to class actions made up of consumers which were filed against Greek credit institutions. One decision ruled in favour of consumers and held that such a provision is abusive (decision no. 334/2016) and the other decision ruled in favour of the credit institution (decision no. 886/2017). However, upon an appeal

filed by the credit institution, the Athens Court of Appeal recently reversed decision no. 334/2016 of the Multi-Member Court of First Instance of Athens (decision no. 911/2018).

As noted above, the validity of a provision of a mortgage loan denominated in CHF (and originated by a Greek credit institution) under which payments on the loan by the borrower are to be made in EUR based on the CHF/EUR exchange rate applicable on the date of payment is currently pending before the Plenary Session of the Greek Supreme Court. Still, the fact that borrowers have succeeded in a number of similar cases already, at least until the relevant Supreme Court decision is issued, poses the risk that Greek courts would follow such precedent in favour of borrowers. Should the decisions which ruled in favour of borrowers not be successfully appealed, or should other similar cases brought by borrowers succeed, payments under such loans would be calculated on the basis of the CHF/EUR currency exchange rate as applicable on the date of the loan disbursement, rather than on the date of payment of each instalment as provided in the relevant loan documentation. This may result in the Issuer receiving significantly lower payments in respect of these loans if the CHF/EUR currency exchange rate on the date of the loan disbursement was higher than on the date of repayment of any instalment.

Greek Covered Bond Legislation

The Greek Covered Bond Legislation came into force in 2007 by virtue of Article 91 of Greek Law 3601/2007, which has been abolished by Greek Law 4261/2014. Article 152 of Greek Law 4261/2014, which constitutes a repetition of Article 91 of Greek Law 3601/2007, came into force on 5 May 2014, while the Secondary Covered Bond Legislation came into force on 21 November 2007 and was amended and restated on 29 September 2009. Finally, the legislative framework is supplemented by Greek Law 3156/2013 (the **Bond Loan and Securitization Law**) to the extent Greek Covered Bond Legislation cross refers to it. 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

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

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

The UK 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 these conflicting judgments of the UK Supreme Court and the U.S. Bankruptcy Court remain unresolved, particularly as several subsequent challenges to the U.S. decision have been settled and certain other actions which raise similar issues are pending but have not progressed for some time.

If a creditor of the Issuer (such as a Hedging Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priorities of Payments which refers to the ranking of a party's payment rights). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy law. 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.

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

The Proposed Financial Transactions Tax (FTT)

At the European Council summit held on 17 June 2010, it was agreed that Member States should introduce a system of levies and taxes on financial institutions to promote an equitable distribution of the costs of the global financial crisis. On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

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

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

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

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, 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.

Although the effect of these proposals on the Issuer will not be known until the legislation is finalised, if the FTT is implemented, it may give rise to tax liabilities for the Issuer and the Group which may have an adverse effect on the Issuer's business, financial condition results of operations and prospects of the Issuer and the Group.

Taxation

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

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

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

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

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

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

The value of the Covered Bonds could be adversely affected by a change in English or Greek law or administrative practice

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English and Greek law, respectively, in effect as at the date of this Base Prospectus. No assurance can be

given as to the impact of any possible change to English or Greek law (or the laws of any other jurisdiction) (including any change in regulation which may occur without a change in the primary legislation) or administrative practice in the UK or Greece after the date of this Base Prospectus, nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Covered Bonds.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Covered Bonds and may be adversely affected if definitive Covered Bonds are subsequently required to be issued

In relation to any issue of Covered Bonds which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Covered Bonds at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Covered Bond in respect of such holding (should definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

If an investor holds Covered Bonds which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Covered Bonds could result in an investor not receiving payments on those Covered Bonds

The Issuer 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 (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Covered Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (iii) the Investor's Currency-equivalent market value of the Covered Bonds.

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

Interest rate risks

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

DOCUMENTS INCORPORATED BY REFERENCE¹

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

(a) (i) The “Terms and Conditions of the Covered Bonds” contained in the previous base prospectus relating to the Programme dated 25 August 2017 (as amended, as described on page 3 [3] in the supplement to such base prospectus dated 24 October 2017), which appear on pages 97 to 132 [97-132] (but excluding pages 1 to 96 [1-96] and 133 to 282 [133-282], which are not incorporated by reference in, and do not form part of, this Base Prospectus) and (ii) the supplement dated 24 October 2017 to such previous base prospectus relating to the Programme (but excluding pages 1 to 2 [1-2] of such supplement, which are not incorporated by reference in, and do not form part of, this Base Prospectus);

(b) The following sections of the annual financial report of Piraeus Bank for the financial year ended 31 December 2017 (the **2017 Annual Financial Report**):

(i) ESMA’s APMs at Group level which appear on pages 64 [74] and 65 [75] of the 2017 Annual Financial Report;

(ii) the independent auditors’ report in respect of the audited separate and consolidated financial statements as of and for the financial year ended 31 December 2017 which appears on pages 1 to 6 [77-82] of the “Independent Auditor’s Report” section;

(iii) the audited consolidated financial statements as at and for the financial year ended 31 December 2017 which appear on pages 1 to 191 [83-278] of the “Consolidated Financial Statements” section. The Consolidated Statement of Financial Position appears on page 4 [91], the Consolidated Income Statement appears on page 2 [89], the Consolidated Statement of Total Comprehensive Income appears on page 3 [90], the Consolidated Cash Flow Statement appears on page 6 [93], the Consolidated Statement of Changes in Equity appears on page 5 [92] and the notes to the Consolidated Financial Statements appear on pages 7 to 191 [94-278] of the “Consolidated Financial Statements” section; and

(iv) the audited separate financial statements as at and for the financial year ended 31 December 2017 which appear on pages 1 to 157 [279-439] of the “Financial Statements” section. The Statement of Financial Position appears on page 4 [286], the Income Statement appears on page 2 [284], the Statement of Total Comprehensive Income appears on page 3 [285], the Cash Flow Statement appears on page 6 [288] and the notes to the Financial Statements appear on pages 7 to 157 [289-439] of the “Financial Statements section”;

(c) The following sections of the annual financial report of Piraeus Bank for the financial year ended 31 December 2016 (the **2016 Annual Financial Report**):

(i) ESMA’s APMs at Group level which appear on pages [17] and [18] of the 2016 Annual Financial Report;

(ii) the independent auditors’ report in respect of the audited separate and consolidated financial statements as of and for the financial year ended 31 December 2016 which appears on pages 59 to 60 [59-60] of the 2016 Annual Financial Report;

(iii) the audited consolidated financial statements as at and for the financial year ended 31 December 2016 which appear on pages 1 to 163 [63-229] of the “Consolidated Financial Statements” section. The Consolidated Statement of Financial Position appears on page 4 [70], the Consolidated Income Statement appears on page 2 [68], the Consolidated Statement of Total Comprehensive Income appears on page 3 [69], the Consolidated Cash Flow Statement appears on page 6 [72], the Consolidated Statement of Changes in Equity appears on page 5 [71] and the notes to the Consolidated Financial Statements appear on pages 7 to 163 [73-229] of the “Consolidated Financial Statements” section; and

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

(iv) the audited separate financial statements as at and for the financial year ended 31 December 2016 which appear on pages 1 to 132 [232-366] of the “Financial Statements” section. The Statement of Financial Position appears on page 4 [238], the Income Statement appears on page 2 [236], the Statement of Total Comprehensive Income appears on page 3 [237], the Cash Flow Statement appears on page 6 [240] and the notes to the Financial Statements appear on pages 7 to 132 [241-366] of the “Financial Statements” section; and

(d) the 2018 Mid Year Financial Report of Piraeus Bank Group for the three and six months ended 30 June 2018 (including the following sections (the **2018 Mid Year Financial Report**):

(i) ESMA’s APMs at Group level which appear on pages 17 [27] and 18 [28] of the Board of Director’s Interim Report;

(ii) the independent auditor’s review report on interim financial information as of and for the six months ended 30 June 2018 which appears on page [29] of the 2018 Mid Year Financial Report; and

(iii) the unaudited consolidated and separate interim financial information as at and for the three and six months ended 30 June 2018. The interim statement of financial position appears on page 6 [38], the interim income statements appear on pages 2 [34] and 4 [36], the interim statements of total comprehensive income appear on pages 3 [35] and 5 [37], the interim cash flow statement appears on page 9 [41], the interim statement of changes in equity appears on pages 7 [39] and 8 [40] and the notes to the Interim Financial Information appear on pages 10 [42] to 97 [129] of the Interim Financial Information section.

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

For items (a) to (d)² above, the information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information that is not required by the relevant annexes of Commission Regulation (EC) No. 809/2004 of 29 April 2004. Any non-incorporated parts of a document referred to above are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

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

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

² Including, without limitation, the Board of Directors’ Report which is referred to in the independent auditors’ report in respect of the audited consolidated and separate annual financial statements as of and for the financial year ended 31 December 2017 which appears in the 2017 Annual Financial Report of Piraeus Bank and the Board of Directors’ Report which is referred to in the independent auditors’ report in respect of the audited consolidated and separate annual financial statements as of and for the financial year ended 31 December 2016 which appears in the 2016 Annual Financial Report of Piraeus Bank

GENERAL DESCRIPTION OF THE PROGRAMME

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

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

PRINCIPAL PARTIES

Issuer	Piraeus Bank S.A. (Piraeus Bank or the Issuer).
Arranger	Barclays Bank PLC, acting through its investment banking division (Barclays Bank PLC).
Dealers	Barclays Bank PLC, Piraeus Bank S.A. and/or any other dealers appointed from time to time in accordance with the Programme Agreement.
Servicer	Piraeus Bank (in its capacity as the servicer and, together with any replacement servicer appointed pursuant to the Servicing and Cash Management Deed from time to time, the Servicer) will service the Loans and Related Security in the Cover Pool pursuant to the Servicing and Cash Management Deed. The Servicer shall also undertake certain notification and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Collection Accounts and the Transaction Account and cash management activities (the Servicing and Cash Management Services) in accordance with the Servicing and Cash Management Deed and the Greek Covered Bond Legislation, including the calculation of the Statutory Tests and the Amortisation Test.
Asset Monitor	A reputable firm of independent auditors and accountants, not being the independent auditors of the Issuer for the time being, appointed pursuant to the Asset Monitor Agreement as an independent monitor to perform tests in respect of (i) the Statutory Tests when required in accordance with the Greek Covered Bond Legislation and (ii) the Amortisation Test when required in accordance with the Servicing and Cash Management Deed (the Asset Monitor). The initial Asset Monitor was Deloitte Certified Public Accountants S.A. (formerly Deloitte Hadjipavlou, Sofianos & Cambanis S.A.), acting through its office at 3a Fragoklissias & Granikou str., Maroussi 151 25, Athens, Greece. The role of the Asset Monitor was assumed by PricewaterhouseCoopers S.A. acting through its office at 268 Kifissias Avenue, Halandri 152 32, Athens, Greece on 25 August 2017, by its accession to the Asset Monitor Agreement in place of Deloitte Certified Public Accountants S.A. (formerly Deloitte Hadjipavlou, Sofianos & Cambanis S.A.).
Account Bank	Citibank, N.A., London Branch acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, has agreed to act

as account bank (the **Account Bank**) pursuant to the Bank Account Agreement.

In the event that the Account Bank ceases to be an Eligible Institution, the Servicer will be obliged to transfer the Transaction Account to a credit institution with the appropriate minimum ratings.

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

Principal Paying Agent

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

Registrar

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

Trustee

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

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

Covered Bondholders means the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Bearer Global Covered Bond deposited with a common depositary or, as applicable, common safekeeper for Euroclear and Clearstream, Luxembourg, or so long as Euroclear or Clearstream, Luxembourg or its nominee is the registered holder of a Registered Global Covered Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg), as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant

Global Covered Bond shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such principal amount of such Covered Bonds.

Hedging Counterparties

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

Listing Agent

Banque Internationale à Luxembourg S.A. (the **Luxembourg Listing Agent**).

Rating Agencies

Fitch Ratings Limited (**Fitch**), DBRS Ratings Limited (**DBRS**) or any other rating agency which may be appointed under the Programme from time to time to provide ratings for a specific issue of Covered Bonds or on any ongoing basis (together, the **Rating Agencies** and each a **Rating Agency**).

PROGRAMME DESCRIPTION

Description

Piraeus Bank €10 billion Covered Bond Programme (the **Programme**).

Programme Amount

Up to €10 billion (or its equivalent in other currencies determined as described in the Programme Agreement) outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Issuance in Series

Covered Bonds will be issued in Series, but on different terms from each other, subject to the terms set out in the relevant Final Terms in respect of such Series. Save in respect of the first issue of Covered Bonds, Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms from an existing Series of Covered Bonds (in which case they will constitute a new Series). The Issuer may issue Covered Bonds without the prior consent of the Covered Bondholders pursuant to Condition 16 (*Further Issues*).

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

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

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

Final Terms	Final terms (the Final Terms) will be issued and published in accordance with the terms and conditions set out herein under “ <i>Terms and Conditions of the Covered Bonds</i> ” (the Conditions) prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series only, complete the Conditions and the Base Prospectus and must be read in conjunction with the Conditions and the Base Prospectus. The terms and conditions applicable to any particular Series are the Conditions as completed by the relevant Final Terms.
Conditions Precedent to the Issuance of a new Series or Tranche of Covered Bonds	It is a condition precedent to the issuance of a new Series or Tranche of Covered Bonds that (i) there is no Issuer Event outstanding and that such issuance would not cause an Issuer Event, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) the Rating Agencies have been notified of such issuance, (iv) such issuance has been notified to the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.
Proceeds of the Issue of Covered Bonds	The gross proceeds from each issue of Covered Bonds will be used by the Issuer to fund its general corporate purposes.
Form of Covered Bonds	The Covered Bonds may be issued in either bearer or registered form. Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and <i>vice versa</i> .
Specified Currency	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Denominations	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms, save that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than Euro, the equivalent amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000.
Fixed Rate Covered Bonds	The applicable Final Terms may provide that certain Covered Bonds will bear interest at a fixed rate (Fixed Rate Covered Bonds), which will be payable on each Interest Payment Date and on the applicable redemption date and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Floating Rate Covered Bonds	The applicable Final Terms may provide that certain Covered Bonds bear interest at a floating rate (Floating Rate Covered Bonds). Floating Rate

Covered Bonds will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

as set out in the applicable Final Terms.

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

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

Other provisions in relation to Floating Rate Covered Bonds

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

Zero Coupon Covered Bonds

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

Ranking of the Covered Bonds

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

Taxation

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

Status of the Covered Bonds

The Covered Bonds are issued on an unconditional basis and in accordance with Article 152 of Greek Law 4261/2014 (published in the Government Gazette No 107/A/5-5-2014) (**Article 152**) (which constitutes a repetition of Article 91 of Greek Law 3601/2007 that has been abolished by Greek Law 4261/2014) and the Act of the Governor of the Bank of Greece No. 2598/2007, as amended and restated by the codifying Act of the Governor of

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

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

Security for the Covered Bonds

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

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

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

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

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

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

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

	Transfer Agent means in relation to all or any Series of Registered Covered Bonds, the person initially appointed as transfer agent in relation to such Covered Bonds by the Issuer pursuant to the Agency Agreement, or if applicable, any successor transfer agent in relation to all or any Series of such Covered Bonds.
	Charged Property means the property, assets and undertakings charged by the Issuer pursuant to Clause 3 (<i>Security and Declaration of Trust</i>) of the Deed of Charge together with, where applicable, the property pledged pursuant to the Statutory Pledge.
Cross-collateralisation and Recourse	By operation of Article 152 and in accordance with the Transaction Documents, the Cover Pool Assets shall form a single portfolio, irrespective of the date of assignment to the Cover Pool and shall be held by the Trustee for the benefit of the Covered Bondholders and the other Secured Creditors irrespective of the Issue Date of the relevant Series. The Covered Bondholders and the other Secured Creditors shall have recourse to the Cover Pool. PB is not currently planning on proceeding with a new programme. The Cover Pool Assets may not be seized or attached in any form by creditors of the Issuer other than by the Trustee on behalf of the Covered Bondholders and the other Secured Creditors. In order to ensure that the Cover Pool is, at any time, sufficient to meet the payment obligations of the Issuer under the Covered Bonds, the Issuer shall be obliged, within certain limits and upon certain conditions, to effect certain changes to the Cover Pool Assets comprising the Cover Pool.
Issue Price	Covered Bonds of each Series may be issued at par or at a premium or discount to par on a fully-paid basis or partly-paid basis (in each case, the Issue Price for such Series or Tranche) as specified in the relevant Final Terms in respect of such Series.
Interest Payment Dates	In relation to any Series of Covered Bonds, the meaning given in the applicable Final Terms (as the case may be).
Programme Payment Date	The 18th day of January, April, July and October and if such day is not an Athens Business Day the first Athens Business Day thereafter (the Programme Payment Date). Athens Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Athens and London.
Early Redemption	The applicable Final Terms may specify that either the relevant Series of Covered Bonds can be redeemed prior to their stated maturity for taxation reasons in the manner set out in Condition 7.2 (<i>Redemption and Purchase - Redemption for taxation reasons</i>), or that such Covered Bonds will be redeemable, in full or in part at the option of the Issuer and/or the Covered Bondholders upon giving notice to the Covered Bondholders or the Issuer (as the case may be), on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable

Final Terms).

Final maturity and extendable obligations under the Covered Bonds

The final maturity date for each Series (the **Final Maturity Date**) will be specified in the relevant Final Terms as agreed between the Issuer and the relevant Dealer(s). Unless specified otherwise in the Final Terms or previously redeemed as provided in the Conditions, the Covered Bonds of each Series will be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date. If the Covered Bonds are not redeemed in full on the relevant Final Maturity Date, or (as described below) where the Covered Bonds are subject to an Extended Final Maturity Date, on the Extended Final Maturity Date, then the Trustee shall serve a Notice of Default on the Issuer pursuant to Condition 10 (*Events of Default and Enforcement*). Following the service of a Notice of Default, the Covered Bonds of each Series shall become immediately due and payable, and any amount outstanding shall bear interest in accordance with Condition 7.9 (*Redemption and Purchase - Late Payment*).

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

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

The applicable Final Terms may also provide that the Issuer's obligations under the relevant Covered Bonds to pay the Principal Amount Outstanding on the relevant Final Maturity Date may be deferred past the Final Maturity Date until the extended final maturity date (as specified in the Final Terms) (such date, the **Extended Final Maturity Date**). If an Extended Final Maturity Date is so specified in the Final Terms of any Series, it must be the date falling 46 years after the originally scheduled Final Maturity Date of such Series. 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 its Final Maturity Date.

Any Series of Covered Bonds (i) that, as provided in Condition 7.1(ii), is subject to an Extended Final Maturity Date and in respect of which any amount of principal remains unpaid on its Final Maturity Date or (ii) in respect of which any amount of principal remains outstanding following an Issuer Event and upon the occurrence of a breach of the Amortisation Test (and irrespective of whether or not the applicable Final Maturity Date of such Series has passed at the time of such breach of Amortisation Test), shall become pass-through Covered Bonds (**Pass-Through Covered**

Bonds) subject to redemption as provided in Condition 7.1(ii) or, as applicable, Condition 7.1(v), as described below.

Pass-Through Covered Bonds

To the extent that the Issuer has sufficient monies available under the relevant Priority of Payments to repay in full or in part any Principal Amount Outstanding on any Pass-Through Covered Bonds, full or partial repayment of such Principal Amount Outstanding shall be made as described in Condition 7.1 (*Redemption and Purchase - Final redemption*). Repayment of the unpaid portion of any Principal Amount Outstanding shall be deferred automatically until the relevant Final Maturity Date or, as applicable, Extended Final Maturity Date, provided that if any amount of principal on any such Series of Pass-Through Covered Bonds remains outstanding then, among other things, the Issuer will be required on each Interest Payment Date until the relevant Final Maturity Date or, as applicable, Extended Final Maturity Date to utilise all amounts available for such purpose to redeem all Pass-Through Covered Bonds (together with, as applicable, the Earliest Maturing Covered Bonds) on a *pro rata* basis (to the extent it has Covered Bonds Available Funds available and in accordance with the Pre-Event of Default Priority of Payments).

A breach of the Amortisation Test (which can only happen after an Issuer Event has occurred) will result in all Covered Bonds of all Series being required immediately to be treated as Pass-Through Covered Bonds and, accordingly, redeemed on a *pro rata* basis in accordance with Condition 7.1(v) and (vi). See further “ – *Changes to the Cover Pool – Amortisation Test*” below.

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.

In addition, on the first to occur of:

(i) the date on which any Series of Covered Bonds becomes Pass-Through Covered Bonds; or

(ii) at any time after an Issuer Event has occurred and is continuing, the Athens Business Day falling six calendar months before the Final Maturity Date of the Earliest Maturing Covered Bonds,

(the first to occur of such dates being, the first (the **Refinance Date**), and every second Programme Payment Date falling thereafter being, a **Refinance Date**),

the Servicer shall use its best efforts to sell, as soon as possible after such first Refinance Date, Selected Loans that are randomly selected by the Servicer pursuant to the terms of the Servicing and Cash Management Deed, provided that the proceeds of such sale are at least sufficient to redeem the relevant (or, as applicable, each relevant) Series in full (or, as provided in more detail in the Servicing and Cash Management Deed, a proportional part thereof if only a part of the Selected Loans have been sold).

Such sale and subsequent redemption of the respective Selected Loans may only be effected if such sale and redemption do not result in either one or both of the following: (a) a breach or, if a breach has already occurred and is continuing, a deterioration of the Amortisation Test and/or (b) a breach or, if a breach has already occurred and is continuing, a deterioration of any Statutory Test.

If the proceeds of such sale would be insufficient to make a full or partial redemption payment in respect of the Pass-Through Covered Bonds (and, as applicable, the Earliest Maturing Covered Bonds) whilst remaining in compliance with the Amortisation Test and Statutory Test conditions described in the preceding paragraph, then the Servicer shall repeat its attempt to sell the Selected Loans on each Refinance Date after the first Refinance Date until the proceeds are sufficient to make such a payment whilst remaining in compliance with such conditions. The Servicer may not at any time sell or offer for sale the Selected Loans for an amount that is less than the Adjusted Required Redemption Amount.

Failure by the Issuer to sell the Selected Loans in accordance with the Servicing and Cash Management Deed will not constitute an Event of Default.

Ratings

Each Series issued under the Programme may be assigned a rating by the Rating Agencies.

Approval, listing and admission to trading

Application has been made to the *Commission de Surveillance du Secteur Financier* in Luxembourg (the **CSSF**) to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme after the date hereof to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on a regulated market for the purposes of the Markets in Financial Instruments Directive II, as may be agreed between the Issuer, the Trustee and the relevant Dealer(s) in relation to each issue. The Final Terms relating to each Tranche of the Covered Bonds will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which regulated markets.

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 applicable Final Terms.

Selling Restrictions

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

Greek Covered Bond

The Covered Bonds will be issued pursuant to the Greek Covered Bond

Legislation

Legislation.

Governing law

The Servicing and Cash Management Deed, the Trust Deed, the Deed of Charge, the Agency Agreement, the Bank Account Agreement, the Programme Agreement, each Subscription Agreement and each Hedging Agreement will be governed by, and construed in accordance with, English law. The Asset Monitor Agreement will be governed by, and construed in accordance with, Greek law.

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:

- (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 by the Act of the Executive Committee of the Bank of Greece No 7/10-1-2013 (which reference to paragraph 8(b) of Section B above, following the entry into force of Regulation 575/2013 on 1 January 2014, should be read as a reference to Article 129 of Regulation 575/2013), including, but not limited to, claims deriving from loans and credit facilities of any nature comprising the aggregate of all principal sums, interest, costs, charges, expenses, additional loan advances and other moneys but excluding any third party expenses due or owing with respect to such loan and/or credit facilities provided that such loans and credit facilities are secured by, *inter alia*, residential real estate (the **Loans**) together with any mortgages, mortgage pre-notations, guarantees or indemnity payments which may be granted or due, as the case may be, in connection therewith (the **Related Security**, and together with the Loans the **Loan Assets**); including, in case of any Subsidised Loans, any Subsidised Interest Amount due and owing with respect to such Subsidised Loan) and including the amounts received from Borrowers which represent the cost to the Issuer of the levy of Greek Law 128/1975 (**Levy**) in respect of such Loans;
- (b) derivative financial instruments including but not limited to the Hedging Agreements satisfying the requirements of paragraph I.2(b) of the Secondary Covered Bond Legislation;
- (c) deposits with credit institutions (including any cash flows deriving therefrom) provided that such deposits comply with paragraph 8(b)(iv) of Section B of the Bank of Greece Act No. 2588/20-8-2007, as amended by the Act of the Executive Committee of the Bank of Greece No 7/10-1-2013 (which reference to paragraph 8(b) of Section B, following the entry into force of Regulation 575/2013 on 1 January 2014, should be read as a reference to Article 129 of Regulation 575/2013) (including the Transaction Account but

excluding, for the avoidance of doubt, the Collection Accounts which will not be included in the Cover Pool);

(d) Marketable Assets; and

(e) Authorised Investments,

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

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

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

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

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

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

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

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

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

CHANGES TO THE COVER POOL

Optional changes to the Cover Pool

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

- (a) *Allocation of Further Assets*: allocate to the Cover Pool additional Cover Pool Assets for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests and/or

maintaining the initial rating(s) assigned to the Covered Bonds provided that, with respect to the allocation of New Asset Types in the Cover Pool, the Rating Agencies have been notified in writing of such assignment; and

- (b) *Removal or substitution of Cover Pool Assets*: prior to the occurrence of an Issuer Event and provided that no breach of any Statutory Test would occur as a result of such removal or substitution (i) remove Cover Pool Assets from the Cover Pool or (ii) substitute existing Cover Pool Assets with new Cover Pool Assets, provided that for any substitution of New Asset Types, the Rating Agencies have been notified of such substitution.

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

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

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

Issuer Insolvency Event means in relation to the Issuer:

- (a) an order is made or an effective resolution passed for the liquidation or winding up or dissolution of the Issuer, except for the purposes of a reconstruction, amalgamation or merger or following the transfer of all or substantially all of the assets of the relevant entity, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Covered Bondholders (of all Series taken together as a single Series) or which has been effected in compliance with the terms of Condition 18 (*Substitution of the Issuer*);
- (b) the Issuer stops or threatens to stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit

of, or shall enter into any composition or other arrangement with, its creditors generally;

- (c) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or over half of the assets of, the Issuer or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or (in the opinion of the Trustee) a substantial part of the assets of the Issuer and in any of the foregoing cases it or he shall not be discharged within 60 days, provided that the following shall not constitute an Event of Default pursuant to this subclause (c): the appointment of any trustee, monitoring trustee, administrator, receiver, liquidator, provisional liquidator, conservator, custodian, officer or analogous officer, supervisor or representative appointed or to be appointed by the European Financial Stability Facility, the European Stability Mechanism, the Hellenic Financial Stability Fund, the Directorate General for Competition, the Single Supervisory Mechanism, the Troika (constituted by the European Central Bank, the International Monetary Fund and the European Commission and acting on a joint or individual basis), the Single Resolution Board, the European Banking Authority, the Bank of Greece, the Greek Ministry of Finance, or any similar, replacement or successor organisation, where the main purpose of such appointment is to supervise or monitor, or in the future to supervise or monitor in any way the Issuer, in consequence of Greece or the Issuer being under a financial support scheme or the Issuer being under a resolution scheme, apart from cases where such an appointment is performed within the context of a special liquidation proceeding applicable to the Issuer;
- (d) the imposition on the Issuer of resolution measures in accordance with Article 37ff. of Greek Law 4335/2015; or
- (e) an administrator (*Epitropos*) of the Issuer is appointed in accordance with Article 137 of Greek Law 4261/2014 or the Issuer is placed in liquidation in accordance with Article 145 of Greek Law 4261/2014.

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

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

Disposal of the Loan Assets

In certain circumstances as provided in the Servicing and Cash Management Deed, 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 periodically to attempt to sell in whole or in part the Loan Assets in accordance with the provisions of the Servicing and Cash Management Deed and pursuant to paragraph 9 of Article 152. The proceeds from any such sale will be credited to the Transaction Account and applied in accordance with the Pre-Event of Default Priority of Payments.

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

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

Undertakings of the Servicer in respect of the Cover Pool

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

Representations and Warranties of the Issuer

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

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

Eligibility Criteria

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

- (i) It is an existing Loan, denominated in euro or Swiss francs and is owed by Borrowers who are individuals.
- (ii) It is governed by Greek law and the terms and conditions of such Loan do not provide for the jurisdiction of any court outside Greece.
- (iii) Each Loan is fully drawn down and the Issuer is not obliged to

advance any further amounts to the relevant Borrower.

- (iv) It is secured by a valid and enforceable first ranking mortgage and/or mortgage pre-notation over property located in Greece that is used for residential purposes.
- (v) Notwithstanding (iv) above, if the mortgage and/or mortgage pre-notation is of lower ranking, the loans that rank higher have also been originated by the Issuer (or, as applicable, are loans the legal and beneficial title to which is held by the Issuer) and are included in the Cover Pool.
- (vi) In respect of any Loan, there are no other loans secured by mortgages and/or pre-notations ranking *pari passu* with the mortgage and/or pre-notation securing such Loan.
- (vii) Notwithstanding (vi) above, if there are other loans secured by mortgages and/or pre-notations ranking *pari passu* with the Mortgage and/or Pre-notation securing such Loan, such loans have also been originated by the Issuer (or, as applicable, are loans the legal and beneficial title to which is held by the Issuer) and are included in the Cover Pool.
- (viii) Only completed properties secure the Loan.
- (ix) (A) In the case of Loans originated by the Issuer, all lending criteria and preconditions applied by the Issuer's credit policy and customary lending procedures have been satisfied with regards to the granting of such Loan and (B) in the case of Loans acquired by the Issuer, each Loan has been administered by the Issuer from the date of acquisition according to a level of skill, care and diligence of a reasonable, prudent mortgage lender.
- (x) The purpose of such Loan is either to buy, construct or renovate a property or refinance a loan granted by another bank for one of these purposes.
- (xi) It is either a fixed or floating rate loan or a combination of both.

Compliance with Statutory Tests

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

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

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

Statutory Tests

Pursuant to the Greek Covered Bond Legislation, the Cover Pool is subject

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

- (a) **The Nominal Value Test:** The Issuer must ensure that on each Calculation Date, Issue Date or, following an Issuer Event, Monthly Calculation Date, the Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than 80 per cent. (or such other percentage determined in accordance with the Servicing and Cash Management Deed (the **Asset Percentage**)) of the nominal value of the Cover Pool (excluding for these purposes any amounts received from Borrowers which represent the cost to the Issuer of Levy in respect of such Loans) as determined in accordance with the Servicing and Cash Management Deed. In order to assess compliance with this test, all of the assets comprising the Cover Pool (other than the Hedging Agreements) shall be evaluated at their nominal value plus accrued interest in accordance with the Servicing and Cash Management Deed.

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

Marketable Assets (**Marketable Assets**), as defined in the Act of the Monetary Policy Council of the Bank of Greece No. 96/22.4.2015 as in force (which replaced the Act of the Monetary Policy Council of the Bank of Greece No. 54/27-2-2004) and which comply with the requirements for Eligible Investments, are allowed to be included in the Cover Pool in substitution of or as supplements to the existing Cover Pool Assets and will be included in assessing compliance with the Nominal Value Test, provided that such assets in the Cover Pool do not exceed the difference in value between the Principal Amounts Outstanding of Covered Bonds then outstanding plus accrued interest and the nominal value of the Cover Pool (calculated without taking into account the Marketable Assets) plus accrued interest.

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

- (a) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the next Programme Payment Date;
- (b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and

(c) (A) each of the debt securities or other debt instruments and the issuing entity or (in the case of debt securities or other debt instruments which are fully and unconditionally guaranteed on an unsubordinated basis) the guaranteeing entity are rated at least:

- (1) AA- and F1+ by Fitch and BBB or R-2(H) by DBRS with regards to investments having a maturity of up to 365 days where the investments carry both a short-term and long-term rating; or
- (2) F1+ by Fitch and R-2(H) by DBRS with regard to investments having a maturity of up to 365 days where the investment carries only a short-term rating; or
- (3) equal to the current rating given by DBRS to the then outstanding Covered Bonds:
 - (i) with regard to investments having a maturity of greater than 365 days; and
 - (ii) in cases where the current rating given by DBRS to the lowest rated Series of the then outstanding Covered Bonds is lower than BBB(L) by DBRS,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Breach of Statutory Tests

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

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

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

Amortisation Test

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

The Statutory Tests and Amortisation Test will be tested by the Servicer or Replacement Servicer (as the case may be) on each Monthly Calculation Date following the occurrence of an Issuer Event.

A breach of the Amortisation Test (which can only happen after an Issuer Event has occurred) will result in all Covered Bonds of all Series being required immediately to be treated as Pass-Through Covered Bonds, with the Issuer being required, accordingly, on each Interest Payment Date thereafter to utilise all amounts available for such purpose (to the extent it has Covered Bonds Available Funds available for such purpose and in accordance with the Pre-Event of Default Priority of Payments) to redeem all Covered Bonds of all Series on a *pro rata* basis in accordance with Condition 7.1(v) and (vi). See further “ – Programme Description – Pass-Through Covered Bonds” above.

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

Amendment to definitions

Subject to certain conditions set forth in the Servicing and Cash Management Deed, the definitions of Cover Pool, Cover Pool Asset, Eligibility Criteria, Statutory Test and Amortisation Test may be amended

by the Issuer from time to time, subject to Greek Covered Bond Legislation, without the consent of the Trustee only as a consequence of the inclusion in the Cover Pool of a New Asset Type and/or for the purposes of complying with any subsequent changes to Greek Covered Bond Legislation, provided that the Rating Agencies have been notified in writing of such amendment

Issuer Events

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

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

then (for so long as such Issuer Event is continuing) (i) no further Covered Bonds will be issued, (ii) the Servicer will procure that any and all

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

Authorised Investments

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

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

Authorised Investments means each of:

- (a) Euro-denominated demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that, in all cases, such investments:
 - (A) are rated at least:
 - (1) AA- and F1+ by Fitch and at least BBB(L) and R-2(L) by DBRS (or such other ratings which are consistent with the published criteria of the Rating Agencies) and the short-term and long-term ratings of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least AA- and F1+ by Fitch and at least BBB(L) and R-2(L) by DBRS (or such other ratings which are consistent with the published criteria of the Rating Agencies from time to time);
 - (2) equal to the current rating given by Fitch to the then outstanding Covered Bonds in cases where the current rating given by Fitch to the lowest rated Series of the then outstanding Covered Bonds is lower than AA-;
 - (3) equal to the current rating given by DBRS to the then outstanding Covered Bonds in cases where the current rating given by DBRS to the lowest rated Series of the then outstanding Covered Bonds is lower than

BBB(L); and

- (B) have a remaining period to maturity of 30 days or less and mature on or before the next following Programme Payment Date; and
- (b) Euro-denominated government and public securities or money market funds, provided that such investments:
 - (A) are rated at least:
 - (1) AA- and F1+ by Fitch and at least BBB(L) and R-2(L) by DBRS (or such other ratings which are consistent with the published criteria of the Rating Agencies from time to time);
 - (2) equal to the current rating given by Fitch to the then outstanding Covered Bonds in cases where the current rating given by Fitch to the lowest rated Series of the then outstanding Covered Bonds is lower than AA-;
 - (3) equal to the current rating given by DBRS to the then outstanding Covered Bonds in cases where the current rating given by DBRS to the lowest rated Series of the then outstanding Covered Bonds is lower than BBB(L); and
 - (B) have a remaining period to maturity of 30 days or less and mature on or before the next following Programme Payment Date;

**Servicing and
collection procedures**

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

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

ACCOUNTS AND CASH FLOW STRUCTURE:

Payments on

Prior to the occurrence of a Segregation Event and an Issuer Event, on each

**the Covered
Bonds**

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

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

After the occurrence of an Issuer Event (or, if any Covered Bonds become Pass-Through Covered Bonds, for so long as there is any Principal Amount Outstanding on any Pass-Through Covered Bonds), but prior to service of a Notice of Default, on each Programme Payment Date, the Servicer will apply the Covered Bonds Available Funds in accordance with the Pre-Event of Default Priority of Payments.

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

**Segregation Event
and Collection
Accounts**

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

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

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

Assets are also subject to the Statutory Pledge.

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

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

- (i) all amounts deposited shall remain in the Collection Accounts for the benefit of the holders of the Covered Bonds and the other Secured Creditors (subject to paragraphs (ii) and (iii) below);
- (ii) Piraeus Bank shall no longer be entitled to withdraw moneys from the Collection Accounts other than for the purpose of:
 - (a) transferring funds to the Transaction Account; or
 - (b) making payment (or provision for the payment) of Senior Amounts;
- (iii) any amount standing to the credit of the Collection Accounts on any Programme Payment Date after payment (or provision has been made for the payment) of all Senior Amounts then due or falling due prior to the next Programme Payment Date in accordance with the Servicing and Cash Management Deed (the **Excess Amount**) shall be available to Piraeus Bank.

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

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

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

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

Loans comprised in the Cover Pool.

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

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

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

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

If Piraeus Bank's rating(s) are reinstated above the level at which a Segregation Event occurs, and so long as no Issuer Event has occurred and is continuing, then Piraeus Bank will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Account, if any, that are in excess of the sum of (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Commingling Reserve Required Amount.

Following the occurrence of an Issuer Event, (i) the Servicer shall procure that within two Athens Business Days after the occurrence of such Issuer Event, all collections of principal and interest on deposit in the Collection Accounts (or the Third Party Collection Account (as defined below)) be transferred to the Transaction Account and (ii) the Servicer shall, in accordance with the terms of the Servicing and Cash Management Deed, and the Trustee is entitled in its absolute discretion to, provide notification to all Borrowers and their guarantors (if applicable) that any and all future payments due under the Loan Assets are henceforth to be effected directly to a bank account opened in the name of the Issuer with the Replacement Servicer, a Greek credit institution or a Greek branch of a foreign credit institution whose long-term and short-term IDR are at least A and F1 by Fitch and BBB(L) by DBRS (or such other ratings which are consistent with the published criteria of the Rating Agencies), or with any other credit institution approved by the Trustee (acting upon the advice of a suitably qualified expert and/or as directed by an Extraordinary Resolution passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding) (the **Third Party Collection Account**). All amounts deposited in and standing to the credit of the Third Party Collection Account are subject to the Statutory Pledge. The Replacement Servicer shall procure that all amounts deposited into the Third Party Collection Account shall be transferred to the Transaction Account within two Athens Business Days of receipt.

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

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

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

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

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

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

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

Covered Bonds Available Funds

Following the occurrence of an Issuer Event (or, if any Covered Bonds become Pass-Through Covered Bonds, for so long as there is any Principal Amount Outstanding on any Pass-Through Covered Bonds),

payments on the relevant Covered Bonds (or, following a breach of Amortisation Test, payments on all Covered Bonds of all Series) will be made from the Covered Bonds Available Funds in accordance with the relevant Priority of Payments.

Covered Bonds Available Funds means, in respect of any Programme Payment Date, at any relevant time, the aggregate of:

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

For the avoidance of doubt:

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

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

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

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

Events of Default

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

- (a) on the Final Maturity Date (in the case of any Series of Covered Bonds where no Extended Final Maturity Date is specified in the applicable Final Terms) or Extended Final Maturity Date (in the case of any Series of Covered Bonds where an Extended Final Maturity Date is specified in the applicable Final Terms), as applicable, in respect of any Series of Covered Bonds or on any Interest Payment Date or any earlier date for redemption on which principal thereof is due and repayable, there is a failure to pay any amount of principal due on such Covered Bonds on such date and such default is not remedied within a period of seven Athens Business Days from the due date thereof; 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 Athens Business 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.

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

At any time upon or after the occurrence of any Issuer Event (or, if any Covered Bonds become Pass-Through Covered Bonds, for so long as there is any Principal Amount Outstanding on any Pass-Through Covered Bonds), but prior to the delivery of a Notice of Default, the Servicer shall apply all Covered Bonds Available Funds (which funds shall include all amounts standing to the credit of the Transaction Account other than amounts provided for any Earliest Maturing Covered Bonds on any previous Programme Payment Date pursuant to paragraph (f) below) on each Programme Payment Date in making the following payments and provisions in the following order of priority (the **Pre-Event of Default Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction of all amounts then due and payable or to become due and payable prior to the next Programme Payment Date to the Trustee or any Appointee (including, remuneration or amounts by way of indemnity payable to it) under the provisions of the Trust Deed or any other Transaction Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein;
- (b) *second, pari passu and pro rata* according to the respective amounts thereof to pay any additional fees, costs, expenses and taxes due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, properly incurred in respect of any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders;
- (c) *third, pari passu and pro rata* according to the respective amounts thereof, to pay all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, to the Account Bank and the Agents under the Bank Account Agreement and the Agency Agreement, respectively;
- (d) *fourth, pari passu and pro rata* according to the respective amounts thereof to pay (i) all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (and for which payment has not been provided for elsewhere in this Pre-Event of Default Priority of Payments), to any Secured Creditors other than the Covered Bondholders and Couponholders, the Agents, the Account Bank, the Trustee and any Appointee and other than any amount due to be paid, or that will become due and payable prior to the next Programme Payment Date, to the Hedging Counterparties under the Hedging Agreements and (ii) to the Servicer an amount equal to any amount representing the cost of Levy in respect of any Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy;

- (e) *fifth, pari passu and pro rata*, according to the respective amounts thereof (i) to pay all amounts of interest due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date on any Covered Bonds and Coupons and (ii) to pay any amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date under any Hedging Agreement other than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (f) *sixth, pari passu and pro rata*, according to the respective amounts thereof to pay (i) all amounts of principal due and payable on the Programme Payment Date on any Covered Bonds, to provide for all amounts of principal that will become due and payable prior to the next Programme Payment Date (if any), on any Covered Bonds or, in respect of any Earliest Maturing Covered Bonds with a Final Maturity Date falling on such Programme Payment Date or falling on any date during the Programme Payment Period starting on such Programme Payment Date or during the next following Programme Payment Period (and only to the extent that such amounts have not already been provided for in full) to provide for all amounts of principal that will become due and payable on the Final Maturity Date of such Earliest Maturing Covered Bonds and (ii) the Principal Amount Outstanding of any Pass-Through Covered Bonds;
- (g) *seventh*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Account, or, as applicable, be deposited in the Transaction Account;
- (h) *eighth*, if no Covered Bonds remain outstanding, to pay *pari passu and pro rata*, according to the respective amounts thereof, any amount due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date to any Hedging Counterparties which are Subordinated Termination Payments; and
- (i) *ninth*, if no Covered Bonds remain outstanding, to pay any excess to the Issuer,

provided that, any funds provided for any Earliest Maturing Covered Bonds prior to its relevant Final Maturity Date pursuant to paragraph (f) above, shall be used to repay such Earliest Maturing Covered Bonds on their Final Maturity Date.

Subordinated Termination Payment means, subject as set out below, any termination payments due and payable to any Hedging Counterparty under a Hedging Agreement where such termination results from (a) an Additional Termination Event “*Ratings Event*” relating to the Hedging Counterparty as specified in the schedule to the relevant Hedging

Agreement, (b) the bankruptcy of the relevant Hedging Counterparty, or (c) any default and/or failure to perform by such Hedging Counterparty under the relevant Hedging Agreement, other than, in the event of (a) or (c) above, the amount of any termination payment due and payable to such Hedging Counterparty in relation to the termination of such transaction to the extent of any premium received by the Issuer from a replacement hedging counterparty.

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

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

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

above, to pay all excess amounts (if any) to the Issuer.

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

**Servicing and
Cash
Management Deed**

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

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

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

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

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

Programme Closing Date means 8 February 2011.

**Asset Monitor
Agreement**

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

Trust Deed

Under the terms of the Trust Deed entered into on the Programme Closing Date between the Issuer and the Trustee, the Trustee will be appointed to act as the Covered Bondholders' representative in accordance with paragraph 2 of Article 152.

Deed of Charge

The Issuer shall assign its rights arising under the Hedging Agreements and any Transaction Document governed by English law to the Trustee (on trust for itself and on behalf of the Covered Bondholders and the other

Secured Creditors) in accordance with a deed of charge (the **Deed of Charge**).

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

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

The Deed of Charge shall be governed by English law.

Agency Agreement

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

Bank Account Agreement

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

Hedging Agreements

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

The Hedging Agreements shall be governed by English Law.

The Issuer's rights arising from any Hedging Agreement(s) will be

included as part of the Cover Pool at the Issuer's discretion.

Transaction Documents

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

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

Investor Report

On the Athens Business Day which falls three Athens Business Days prior to each Programme Payment Date (each an **Investor Report Date**), the Servicer will produce an investor report (the **Investor Report**), which will contain information regarding the Covered Bonds and the Cover Pool Assets (including statistics relating to the financial performance of the Cover Pool Assets) for the immediately preceding Collection Period. Such report will be available to the prospective investors in the Covered Bonds and to Covered Bondholders on Bloomberg and on the website: <http://www.piraeusbankgroup.com/en/investors/financials/debt-issuance-capacity>

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

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

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

TERMS AND CONDITIONS OF THE COVERED BONDS

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

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

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

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

The Covered Bonds and the Coupons (as defined below) are constituted by a trust deed originally dated the Programme Closing Date (as first amended and restated on 12 August 2014, as further amended and restated on 16 December 2014, on 4 July 2016, on 19 December 2016, on 25 August 2017 and on 17 October 2018 and as further amended and/or supplemented and/or restated from time to time, the **Trust Deed**) and made between, *inter alios*, the Issuer and Citicorp Trustee Company Limited (the **Trustee**, which expression includes the trustee or trustees for the time being of the Trust Deed) as trustee for the Covered Bondholders.

The Covered Bonds and the Coupons have the benefit of an agency agreement originally dated the Programme Closing Date (as first amended and restated on 12 August 2014, as further amended and restated on 16 December 2014, on 4 July 2016, on 25 August 2017 and on 17 October 2018, and as further amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between, *inter alios*, the Issuer, Citibank N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citibank N.A., London Branch as registrar (the **Registrar**, which expression shall include any successor registrar, and, together with any transfer agent appointed thereunder, the **Transfer Agents** (which expression shall include any successor transfer agents) and together with the Paying Agents, the Registrar and any Calculation Agent referred to below, the **Agents**). References to the **Calculation Agent** are (except where the context otherwise requires) to the person appointed as calculation agent in relation to one or more Series of Covered Bonds pursuant to the Agency Agreement, and include any successor calculation agent.

Interest-bearing Definitive Covered Bonds have interest coupons (**Coupons**) and, in the case of Covered Bonds which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to **Coupons** or **coupons** shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

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

The expression **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded) 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 during normal business hours at the registered offices of the Issuer and of each Paying Agent and copies may be obtained from those offices save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms and the other Transaction Documents will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of such Covered Bonds and identity. If the Covered Bonds are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in the applicable Final Terms and/or the master definitions and construction schedule made between the parties to the Transaction Documents on the Programme Closing Date (as first amended and restated on 12 August 2014, as further amended and restated on 16 December 2014, on 4 July 2016, on 19 December 2016, on 25 August 2017 and on 17 October 2018 and as further amended and/or supplemented and/or restated from time to time, the **Master Definitions and Construction Schedule**), a copy of each of which may be obtained as described above.

1. Form, Denomination and Title

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

exchanged for Covered Bonds of another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and *vice versa*.

The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms save that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000.

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

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

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

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

Bond and the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly.

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

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

2. Transfers of Registered Covered Bonds

2.1 Transfers of interests in Registered Global Covered Bonds

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

2.2 Transfers of Registered Covered Bonds in definitive form

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

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

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

like aggregate nominal amount to the Registered Definitive Covered Bond (or the relevant part of the Registered Definitive Covered Bond) transferred.

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

2.3 Registration of transfer upon partial redemption

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

2.4 Costs of registration

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

3. Status of the Covered Bonds

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

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

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

4. Priorities of Payments

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

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

At any time upon or after the occurrence of any Issuer Event (or, if any Covered Bonds become Pass-Through Covered Bonds, for so long as any Pass-Through Covered Bonds (as defined in Condition 7.1(vi)) remain outstanding), but prior to the delivery of a Notice of Default, the Servicer shall apply all Covered Bonds Available Funds (which funds shall include all amounts standing to the credit of the Transaction Account other than amounts provided for any Earliest Maturing Covered Bonds on any previous Programme Payment Date pursuant to paragraph (f) below) on each Programme Payment Date in making the following payments and provisions in the following order of priority (the **Pre-Event of Default Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction of all amounts then due and payable or to become due and payable prior to the next Programme Payment Date to the Trustee or any Appointee (including, remuneration or amounts by way of indemnity payable to it) under the provisions of the Trust Deed or any other Transaction Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein;
- (b) *second, pari passu and pro rata* according to the respective amounts thereof to pay any additional fees, costs, expenses and taxes due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, properly incurred in respect of any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders;
- (c) *third, pari passu and pro rata* according to the respective amounts thereof, to pay all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, to the Account Bank and the Agents under the Bank Account Agreement and the Agency Agreement, respectively;
- (d) *fourth, pari passu and pro rata* according to the respective amounts thereof to pay (i) all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (and for which payment has not been provided for elsewhere in this Pre-Event of Default Priority of Payments), to any Secured Creditors other than the Covered Bondholders and Couponholders, the Agents, the Account Bank, the Trustee and any Appointee and other than any amount due to be paid, or that will become due and payable prior to the next Programme Payment Date, to the Hedging Counterparties under the Hedging Agreements and (ii) to the Servicer an amount equal to any amount representing the cost of Levy in respect of any Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy;
- (e) *fifth, pari passu and pro rata*, according to the respective amounts thereof (i) to pay all amounts of interest due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, on any Covered Bonds and Coupons and (ii) to pay any amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, under any Hedging Agreement other

than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;

- (f) *sixth, pari passu and pro rata*, according to the respective amounts thereof to pay (i) all amounts of principal due and payable on the Programme Payment Date on any Covered Bonds, to provide for all amounts of principal that will become due and payable prior to the next Programme Payment Date (if any), on any Covered Bonds or, in respect of any Earliest Maturing Covered Bonds with a Final Maturity Date falling on such Programme Payment Date or falling on any date during the Programme Payment Period starting on such Programme Payment Date or during the next following Programme Payment Period (and only to the extent that such amounts have not already been provided for in full) to provide for all amounts of principal that will become due and payable on the Final Maturity Date of such Earliest Maturing Covered Bonds and (ii) the Principal Amount Outstanding of any Pass-Through Covered Bonds (as defined in Condition 7.1(vi));
- (g) *seventh*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Account, or, as applicable, be deposited in the Transaction Account;
- (h) *eighth*, if no Covered Bonds remain outstanding, to pay *pari passu and pro rata*, according to the respective amounts thereof, any amount due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date to any Hedging Counterparties which are Subordinated Termination Payments; and
- (i) *ninth*, if no Covered Bonds remain outstanding, to pay any excess to the Issuer,

provided that, any funds provided for any Earliest Maturing Covered Bonds prior to its relevant Final Maturity Date pursuant to paragraph (f) above, shall be used to repay such Earliest Maturing Covered Bonds on their Final Maturity Date.

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

- (i) *first*, to pay any Indemnity to which the Trustee or any Appointee or any Receiver is entitled pursuant to the Trust Deed or any other Transaction Document and any costs and expenses incurred by or on behalf of the Trustee or any Appointee or any Receiver (a) following the occurrence of a Potential Event of Default or an Issuer Event or in connection with or as a result of serving on the Issuer a Notice of Default (to the extent that any such amounts have not yet been paid out of the Covered Bonds Available Funds before the delivery of a Notice of Default) and (b) following the delivery of a Notice of Default in connection with or as a result of the enforcement or realisation of (A) the security granted under the Statutory Pledge and the Deed of Charge and/or (B) any other right or remedy that the Trustee is entitled or required to pursue under or in connection with the Transaction Documents and/or the Covered Bonds for the purpose of protecting the interests of the Covered Bondholders and/or the other Secured Creditors;

- (ii) *second, pari passu and pro rata* according to the respective amounts thereof, (a) to pay all amounts of interest and principal due and payable on any Covered Bonds, (b) to pay any additional fees, costs, expenses and taxes due and payable in connection with any listing or deposit of the Covered Bonds or to fund any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders, (c) to pay all amounts due and payable to the Secured Creditors, other than the Covered Bondholders and (d) to pay any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (iii) *third, to pay pari passu and pro rata*, according to the respective amounts thereof, any amount due and payable to any Hedging Counterparties which are Subordinated Termination Payments; and
- (iv) *fourth*, following the payment in full of all items under (i) to (iii) above, to pay all excess amounts (if any) to the Issuer.

5. Interest

5.1 Interest on Fixed Rate Covered Bonds

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

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

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

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

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

5.2 Floating Rate Covered Bond Provisions

(a) Interest on Payment Dates

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

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest**

Payment Date) which falls the number of months or other period specified as the **Specified Period** in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

(b) Rate of Interest

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

(i) ISDA Determination for Floating Rate Covered Bonds

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

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

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

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

(ii) Screen Rate Determination for Floating Rate Covered Bonds

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

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

being rounded upwards) of the offered quotations,

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

If the Relevant Screen Page (or such replacement page on that service which displays the information) is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent or other person specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks (as defined below) or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period, if the Reference Rate is LIBOR, to leading banks in the London interbank market as at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, to leading banks in the Euro zone inter-bank market as at 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

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

Determination Date (through substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

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

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

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

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

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

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

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

In the event that the Rate of Interest in respect of an Interest Period determined in accordance with the provisions of paragraph (b) above is less than zero, the Rate of Interest for that Interest Period shall be deemed to be zero, provided that if the applicable Final Terms for a Floating Rate Covered Bond specify a Minimum Rate of Interest for any Interest Period other than zero, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

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

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

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

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

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

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

(e) Linear Interpolation

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

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

(f) Notification of Rate of Interest and Interest Amounts

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

(g) Determination or Calculation by Trustee

If for any reason at any relevant time after the Issue Date, the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph 5.2(b)(i) or 5.2(b)(ii) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph 5.2(d) above, the Trustee may determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it may think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee may calculate the Interest

Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). If such determination or calculation is made the Trustee shall notify the Issuer and the Stock Exchange of such determination or calculation and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as the case may be.

(h) Certificates to be final

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

(i) Benchmark Replacement

In addition, notwithstanding the provisions above in this Condition 5.2 (*Floating Rate Covered Bond Provisions*), if the Issuer determines that the relevant Reference Rate specified in the relevant Final Terms has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Covered Bonds;
- (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(i) (*Benchmark Replacement*)); provided, however, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Payment Date, the Rate of Interest applicable to the next succeeding Interest Period (as applicable) shall be equal to the Rate of Interest last determined in relation to the Covered Bonds in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the Rate of Interest specified in the relevant Final Terms) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the

Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(i) (*Benchmark Replacement*));

- (iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Covered Bonds, and the method for determining the fallback rate in relation to the Covered Bonds, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Issuer shall effect such consequential amendments to the Agency Agreement and/or the Conditions as may be required in order to give effect to this Condition 5.2(i) (*Benchmark Replacement*). Covered Bondholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes; and
- (v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Agents and the Covered Bondholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to the Conditions.

For the purposes of this Condition 5.2(i) (*Benchmark Replacement*):

Adjustment Spread means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Covered Bondholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international covered bonds transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

Alternative Reference Rate means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international bond markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international bond markets, in each case appointed by the Issuer at its own expense;

Relevant Nominating Body means, in respect of a reference rate:

- (i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Hellenic Financial Stability Board or any part thereof; and

Successor Rate means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(j) **Benchmark Replacement Modifications**

Notwithstanding the provisions of Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*), the Trustee shall be obliged, without any consent or sanction of the Noteholders or any of the other Secured Creditors, to concur with the Issuer in making any modification to these Conditions or any other Transaction Document to which it is a party or in relation to which it holds security or entering into any new, supplemental or additional documents that the Issuer certifies to the Trustee is considered by the Issuer necessary or advisable for the purpose of changing the Reference Rate to a Successor Rate or Alternative Reference Rate in accordance with Condition 5.2(i) (such certification being a **Benchmark Rate Modification Certificate**).

When implementing any modification pursuant to this Condition 5.2(j) (*Benchmark Replacement Modifications*), the Trustee shall not consider the interests of the Covered Bondholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation, on any Benchmark Rate Modification Certificate and shall not be liable to the Covered Bondholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and (ii) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (A) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or

duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.

5.3 Interest on Zero Coupon Covered Bonds

Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest. When a Zero Coupon Covered Bond becomes repayable prior to its Final Maturity Date it will be redeemed at the Early Redemption Amount calculated in accordance with Condition 7.5 (*Redemption and Purchase - Early Redemption Amounts*). In the case of late payment the amount due and repayable shall be calculated in accordance with Condition 7.9 (*Redemption and Purchase - Late Payment*).

5.4 Accrual of interest

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

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

- (a) In these Conditions, **Business Day** means (unless otherwise specified in the applicable Final Terms) a day which is both:
 - (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each 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 or as otherwise specified in the applicable Final Terms or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET2**) System (the **TARGET2 System**) is open.
- (b) If a **Business Day Convention** is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:
 - (i) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) (*Interest - Floating Rate Covered Bond Provisions - Interest on Payment Dates*), the **Floating Rate Convention**, such Interest Payment Date (1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis*, or (2) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls within the Specified Period after the preceding applicable Interest Payment Date occurred; or
 - (ii) the **Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (iii) the **Modified Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
 - (iv) the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.
- (c) **Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:
- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
 - (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period (as defined in Condition 5.5(e) (*Interest - Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of (I) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (II) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
 - (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
 - (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
 - (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
 - (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
 - (vi) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

6. Payments

6.1 Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency;
- (ii) payments in euro will be made by credit or electronic transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6 (*Payments*), means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

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

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) 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 (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

References to Specified Currency will include any successor currency under applicable law.

6.2 Presentation of Bearer Definitive Covered Bonds and Coupons

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

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

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which

an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 11 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due but in no event thereafter.

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

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

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

6.3 Payments in respect of Bearer Global Covered Bonds

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

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

6.4 Payments in respect of Registered Covered Bonds

Payments of principal in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the

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

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

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

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

6.5 General provisions applicable to payments

The bearer of a Global Covered Bond or the Trustee shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the obligations of the Issuer will be discharged by payment to, or to the order of, the holder of such Global Covered Bond (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each

payment so made by the Issuer to, or to the order of, the holder of such Global Covered Bond (or the Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or the Trustee) shall have any claim against the Issuer in respect of any payments due on that Global Covered Bond.

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

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

6.6 Payment Day

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

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

6.7 Interpretation of principal and interest

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount (as specified in the Final Terms, and being at least equal to the nominal amount of the Covered Bonds) (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) (*Redemption and Purchase - Early Redemption Amounts*)); and
- (vi) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds.

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

6.8 Definitions

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

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

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

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

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

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

Extraordinary Resolution means (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than two-thirds of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than two-thirds of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than two-thirds of the Principal Amount Outstanding of the Covered Bonds of the relevant Series which would be entitled to attend a meeting if a meeting were convened, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Covered Bondholders.

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

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

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

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

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

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

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

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

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

7. Redemption and Purchase

7.1 Final redemption

- (i) Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date. The Final Redemption Amount will not be less than the Principal Amount Outstanding of the relevant Covered Bonds.
- (ii) Without prejudice to Conditions 9 (*Issuer Events*) and 10 (*Events of Default and Enforcement*), if an Extended Final Maturity Date is specified in the applicable Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, *provided that* any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date must be paid by the Issuer (to the extent it has Covered Bonds Available Funds available for such purpose and in accordance with the Pre-Event of Default Priority of Payments) on each Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. If an Extended Final Maturity Date is so specified in the Final Terms of any Series, it must be the date falling 46 years after the originally scheduled Final Maturity Date of such Series.

- (iii) The Issuer shall confirm to the relevant Covered Bondholders (in accordance with Condition 17 (*Notices*)), the Rating Agencies, any relevant Hedging Counterparty, the Trustee, the Registrar (in the case of a Registered Covered Bond) and the Principal Paying Agent as soon as reasonably practicable and in any event at least five Athens Business Days prior to the Final Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Covered Bonds on the Final Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.
- (iv) Where the applicable Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Final Maturity Date shall not constitute a default in payment, Potential Event of Default or Event of Default (but, for the avoidance of doubt, such failure to pay in such circumstances shall constitute an Issuer Event as provided under Condition 9 (*Issuer Events*)).
- (v) In addition, failure to satisfy the Amortisation Test on any Monthly Calculation Date following an Issuer Event shall require the Issuer immediately to treat all Covered Bonds of all Series as Pass-Through Covered Bonds (as defined in Condition 7.1(vi) below) and, accordingly, to redeem them at their Principal Amount Outstanding on a *pro rata* basis (to the extent that, on each Interest Payment Date occurring after such failure to satisfy the Amortisation Test, Covered Bonds Available Funds are available for such purpose and in accordance with the Pre-Event of Default Priority of Payments), and Loan Assets may be sold by the Servicer, subject to and as provided in the Servicing and Cash Management Deed. For the avoidance of doubt, such failure to satisfy the Amortisation Test on any Monthly Calculation Date following an Issuer Event shall not constitute a default in payment, Potential Event of Default or Event of Default.
- (vi) Any Series of Covered Bonds (i) that, as provided in Condition 7.1(ii), is subject to an Extended Final Maturity Date and in respect of which any amount of principal remains unpaid on its Final Maturity Date or (ii) in respect of which any amount of principal remains outstanding following an Issuer Event and upon the occurrence of a breach of the Amortisation Test (and irrespective of whether or not the applicable Final Maturity Date of such Series has passed at the time of such breach of Amortisation Test), shall become pass-through Covered Bonds (**Pass-Through Covered Bonds**) subject to redemption as provided in Condition 7.1(ii) or, as applicable, Condition 7.1(v).

7.2 Redemption for taxation reasons

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

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

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

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

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

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

- (i) If an investor put is specified in the Final Terms (the **Investor Put**), then if and to the extent specified in the applicable Final Terms, upon the holder of this Covered Bond giving to the Issuer not less than 30 nor more than 60 days' (or such other notice period specified in the applicable Final Terms) notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in the applicable Final Terms, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date.

- (ii) If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must deliver such Covered Bond, on any Business Day falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor Put in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 7.4.
- (iii) Any Put Notice given by a Covered Bondholder of any Covered Bond pursuant to this Condition shall be irrevocable.

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

- (i) 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 the Covered Bonds 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 Bonds on the date specified in such notice (the **Repurchase Date**) and at the relevant Optional Redemption Amount as specified in the applicable Final Terms, together, if applicable, with interest accrued to (but excluding) the relevant Repurchase Date.
- (ii) If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must deliver such Covered Bond, on any Business Day falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor 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.
- (iii) Any Put Notice given by a Covered Bondholder of any Covered Bond pursuant to this Condition shall be irrevocable.
- (iv) Any failure by the Issuer to repurchase Covered Bonds pursuant to this Condition shall not constitute an Event of Default.

7.6 Early Redemption Amounts

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

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

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

where:

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

7.7 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 Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price in the open market either by tender or private agreement or otherwise. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.8 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 (*Redemption and Purchase - Purchases*) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.9 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 - Interest on Fixed Rate Covered Bonds*) or 5.2 (*Interest - Floating Rate Covered Bond Provisions*), as the case may be; and
- (ii) in the case of a Zero Coupon Covered Bond, at a rate equal to the Accrual Yield,

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

For the purpose of this Condition 7.9, 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.

8. Taxation

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

9. Issuer Events

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

- (i) an Issuer Insolvency Event (as defined below); or
- (ii) the Issuer fails to pay any amount of principal or interest in respect of the Covered Bonds on the due date for payment thereof and such failure continues for a period of seven Athens Business Days; or
- (iii) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding on it (other than any obligation for the payment of amounts due under the Covered Bonds or Coupons of any Series) under the Trust Deed, the Deed of Charge or any other Transaction Document to which the Issuer is a party which, in the opinion of the Trustee, would have a materially prejudicial effect on the interests of the Covered Bondholders of any Series, and (except where such default is or the effects of such default are, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required) such default continues for 30 days (or such longer period as the Trustee may permit) after written notice has been given by the Trustee to the Issuer requiring the default to be remedied; or

- (iv) any present or future indebtedness in respect of moneys borrowed or raised in an amount of €25,000,000 (or its equivalent in any other currency or currencies) or more (other than indebtedness under this Programme) of the Issuer becomes due and payable prior to the stated maturity thereof as extended by any grace period originally applicable thereto; or if any present or future guarantee of, or indemnity given by the Issuer in respect of, such indebtedness is not honoured when called upon or within any grace period originally applicable thereto; or
- (v) there is a breach of a Statutory Test on a Calculation Date, Issue Date or Monthly Calculation Date and such breach is not remedied within five Athens Business Days; or
- (vi) if it is or will (in the opinion of the Trustee, having taken legal advice from a reputable firm of lawyers or a reputable legal expert) become unlawful or illegal for the Issuer to comply with any of its obligations under or in respect of the Covered Bonds or any of the Transaction Documents where such unlawfulness or illegality is not, or cannot be, remedied within 30 days after written notice has been given by the Trustee to the Issuer requiring the same to be remedied,

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

Issuer Insolvency Event means, in relation to the Issuer:

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

- (d) the imposition on the Issuer of resolution measures in accordance with Article 37ff. of Greek Law 4335/2015; or
- (e) an administrator (*Epitropos*) of the Issuer is appointed in accordance with Article 137 of Greek Law 4261/2014 or the Issuer is placed in liquidation in accordance with Article 145 of Greek Law 4261/2014.

10. Events of Default and Enforcement

10.1 Events of Default

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

- (a) on the Final Maturity Date (in the case of any Series of Covered Bonds where no Extended Final Maturity Date is specified in the applicable Final Terms) or Extended Final Maturity Date (in the case of any Series of Covered Bonds where an Extended Final Maturity Date is specified in the applicable Final Terms), as applicable, in respect of any Series of Covered Bonds or on any Interest Payment Date or any earlier date for redemption on which principal thereof is due and repayable, there is a failure to pay any amount of principal due on such Covered Bonds on such date and such default is not remedied within a period of seven Athens Business Days from the due date thereof; 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 Athens Business 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.

10.2 Enforcement

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

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

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

11. Prescription

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

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

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

12. Replacement of Covered Bonds, Coupons and Talons

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

13. Exchange of Talons

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

14. Trustee and Agents

- (a) In acting under the Agency Agreement and in connection with the Covered Bonds and the Coupons, the Agents act solely as agents of the Issuer (or, in the circumstances specified in the Agency Agreement, the Trustee) and do not assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders or Couponholders.
- (b) The initial Agents and their initial specified offices are set forth in the Base Prospectus and

in the Master Definitions and Construction Schedule. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time with the prior written consent of the Trustee to vary or terminate the appointment of any Agent and to appoint a successor Principal Paying Agent or Calculation Agent and additional or successor paying agents *provided, however, that*:

- (i) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Principal Paying Agent) with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
- (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall at all times maintain a Calculation Agent; 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 change in any of the Agents or in their specified offices shall promptly be given by the Issuer to the Covered Bondholders in accordance with Condition 17 (*Notices*).

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

15. Meetings of Covered Bondholders, Modification and Waiver

(a) *Meetings of Covered Bondholders:*

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

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Trustee to take any enforcement action pursuant to Condition 10.2 (*Events of*

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

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

In addition, a resolution in writing signed by or on behalf of the holders of not less than two-thirds of the Principal Amount Outstanding of the Covered Bonds of the relevant Series which would be entitled to attend a meeting if a meeting were convened 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.

For the purposes of this Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*), subject to and as further provided in the Trust Deed, those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of the Issuer or any of its Subsidiaries as beneficial owner shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except for where the Issuer or any of its Subsidiaries hold 100% of the Covered Bonds of a Series then outstanding, in which case such Covered Bonds shall be deemed to be outstanding for the purposes of the definition of outstanding in respect of any matter to be determined in respect of that Series only and, for the avoidance of doubt, shall not be deemed to be outstanding in respect of any matter to be determined by or in respect of all or more than one Series of Covered Bonds (unless the Issuer or its Subsidiaries are the holders of 100% of all Covered Bonds outstanding under such Series in respect of which such matter is to be determined).

(b) *Modification:*

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

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

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

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

(c) *Trustee's discretion*

The Trustee may without the consent of any of the Covered Bondholders of any Series, the related Couponholders and any other Secured Creditors and without prejudice to its rights in respect of any subsequent breach, Issuer Event, Servicer Termination Event, Potential Event of Default or Event of Default from time to time and at any time but only if in so far as in its opinion the interests of the Covered Bondholders of any Series shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Presents or the other Transaction Documents or determine that any Issuer Event, Servicer Termination Event, Potential Event of Default or Event of Default shall not be treated as such for the purposes of the Trust Presents PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred on it by this Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*) in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 10 (*Events of Default and Enforcement*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Covered Bondholders, the related Couponholders and shall be notified by the Issuer (i) (if, but only if, the Trustee shall so require) to the Covered Bondholders and (ii) to each Rating Agency, in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

16. Further Issues

The Issuer may from time to time, without the consent of the Covered Bondholders or the Couponholders or any other Secured Creditors, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest thereon, issue date and/or issue price) so as to form a single series with the

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

17. Notices

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

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

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

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

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

18. Substitution of the Issuer

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

the proposed substitution and has confirmed, within 30 days of receiving such notice, that the then current rating of the then outstanding Covered Bonds would not be downgraded as a result of such substitution;

- (ix) each stock exchange on which the Covered Bonds are listed shall have confirmed that, following the proposed substitution of the New Company, the Covered Bonds will continue to be listed on such stock exchange; and
 - (x) if applicable, the New Company has appointed a process agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Covered Bonds, the Conditions, the Trust Presents, and the other Transaction Documents.
- (b) Upon such substitution the New Company shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Covered Bonds, any Coupons and the Trust Deed with the same effect as if the New Company has been named as the Issuer herein, and the Issuer shall be released from its obligations under the Covered Bonds, any Coupons and/or Talons and under the Trust Deed.
 - (c) After a substitution pursuant to Condition 18(a), the New Company may, without the consent of any Covered Bondholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 18(a) and 18(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Company.
 - (d) After a substitution pursuant to Condition 18(a) or 18(c), any New Company may, without the consent of any Covered Bondholder or Couponholder, reverse the substitution, *mutatis mutandis*.
 - (e) The Transaction Documents shall be delivered to, and kept by, the Principal Paying Agent. Copies of the Transaction Documents will be available free of charge during normal business hours at the specified office of the Principal Paying Agent.

19. Governing Law and Jurisdiction

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

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

20. Third Parties

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

FORMS OF THE COVERED BONDS

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

Bearer Covered Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

Registered Covered Bonds

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

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

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

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

General

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

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

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

FORM OF FINAL TERMS

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**); 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.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Covered Bonds are not intended to be offered, sold or otherwise made available to and, with effect from such date, 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 (**MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**) as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (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.]

[date]

PIRAEUS BANK S.A.

(LEI: M6AD1Y1KW32H8THQ6F76)

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

Under the

€10 billion Global Covered Bond Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the Base Prospectus dated 17 October 2018 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC, as amended (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Base Prospectus. Copies of the Base Prospectus [and the supplement(s) to the Base Prospectus] are available free of charge to the public at the registered office of the Issuer, from the specified office of each of the Paying Agents and from the website of the Luxembourg Stock Exchange (www.bourse.lu).]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the Base Prospectus dated 25 August 2017 (and the supplement to it dated 24 October 2017) which is incorporated by reference in the Base Prospectus dated 17 October 2018. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 17 October 2018 [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), save in respect of the Conditions which are extracted from the Base Prospectus dated 25 August 2017 (and the supplement to it dated 24 October 2017). Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the

combination of this Final Terms[,]/[and] the Base Prospectus [and the supplement(s) dated [●]]. Copies of such Base Prospectus [and the supplement(s) to the Base Prospectus] are available free of charge to the public at the registered office of the Issuer, from the specified office of each of the Paying Agents and from the website of the Luxembourg Stock Exchange (www.bourse.lu).]

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

1. (i) Series Number: [●]
(ii) Tranche Number: [●]
(iii) Date on which the Covered Bonds become fungible: [Not Applicable/The Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the *[Provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on *[insert date/the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph 20 below [which is expected to occur on or about [insert date]]]*]]
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount: [●]
(i) Series: [●]
(ii) Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (i) Specified Denominations: [●]
(N.B. Covered Bonds must have a minimum denomination of EUR 100,000 (or equivalent))
(Note where multiple denominations above [€100,000] or equivalent are being used, the following sample wording should be followed:
“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000]”)
(ii) Calculation Amount: [●]
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)
6. (i) Issue Date: [●]
(ii) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*
7. (i) Final Maturity Date: *[Fixed rate - specify date/Floating Rate - Interest Payment Date falling in or nearest to the relevant month and year]*
(ii) Extended Final Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling in or nearest to the relevant month and year of the Extended Final Maturity Date]]*
N.B. If an Extended Final Maturity Date is so specified in the Final Terms of any Series, it must be the date

falling 46 years after the originally scheduled Final Maturity Date of such Series

[If the Final Redemption Amount is not paid in full on the Final 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 must be paid by the Issuer (to the extent it has Covered Bonds Available Funds available for such purpose and in accordance with the Pre-Event of Default Priority of Payments) on each Interest Payment Date occurring thereafter up to (and including) the Extended Final Maturity Date. See Condition 7 (*Redemption and Purchase*)]

N.B. Zero Coupon Covered Bonds are not to be issued with an Extended Final Maturity Date unless otherwise agreed with the Dealers and the Trustee]

8. Interest Basis:

[[●]% Fixed Rate]

[[●]-month [currency] [LIBOR/EURIBOR] [+/-][●]% Floating Rate]

[Zero Coupon]

(further particulars as to interest specified below)

9. Redemption Basis:

Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date (or, if applicable, Extended Final Maturity Date) at [100][●] per cent. of their nominal amount.

N.B. The Covered Bonds, including Zero Coupon Covered Bonds, may require a redemption price of at least 100 per cent. of their nominal amount.

10. Put/Call Options:

[Not Applicable]

[Investor Put]

[Investor Repurchase Put]

[Issuer Call]

(further particulars specified below)

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

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Covered Bond Provisions**

[Applicable/Not Applicable]

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

(i) Rate(s) of Interest:

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

(ii) Interest Payment Date(s):

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

(iii) Business Day Convention

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

- (iv) Business Day(s) [●]
- (v) Additional Business Centre(s) [●]
- (vi) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
(Applicable to Covered Bonds in definitive form)
- (vii) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(Applicable to Covered Bonds in definitive form)
- (viii) Day Count Fraction: [30/360 or Actual/Actual [(ICMA/ISDA)]
- (ix) [Determination Dates: [[●] in each year / Not Applicable]
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. This will need to be amended in the case of regular interest payment dates which are not of equal durations. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))

13. Floating Rate Covered Bond Provisions

- [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [[●] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment as the Business Day Convention in (iv) below is specified to be Not Applicable]]
- (ii) Specified Interest Payment Dates: [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment as the Business Day Convention in (iv) below is specified to be Not Applicable]]
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Not Applicable/ Floating Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (v) Business Day(s) [●]
- (vi) Additional Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [●]
- (ix) Screen Rate Determination:
 - Reference Rate: [[●]-month [currency] LIBOR/EURIBOR]
 - Interest Determination Date(s): [●] (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR or EURIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)
N.B. Specify the Interest Determination Date(s) up to and including the Extended Final Maturity Date, if applicable
 - Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or

- Relevant Time: *amend the fallback provisions appropriately*
[For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*
 - (x) ISDA Determination:
 - Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - (xi) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
 - (xii) Margin(s): [+/-][●] per cent. per annum
 - (xiii) Minimum Rate of Interest: [[●] per cent.] per annum
 - (xiv) Maximum Rate of Interest: [[●] per cent.] per annum
 - (xv) Day Count Fraction: [Actual/Actual (ICMA)
Actual/Actual
Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
360/360
Bond Basis
30E/360
Eurobond Basis
30E/360 (ISDA)]
14. **Zero Coupon Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [[●] per cent.] per annum
 - (ii) Reference Price: [●]
 - (iii) Business Day Convention: [Not Applicable/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
 - (iv) Business Day(s): [●]
 - (v) Additional Business Centre(s): [●]
 - (vi) Day Count Fraction in relation to Early Redemption Amounts and late payments: [Conditions 7.6(ii) (*Redemption and Purchase - Early Redemption Amounts*)] and 7.9(ii) (*Redemption and Purchase - Late Payment*)] apply][30/360/Actual/360/Actual/365]/[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

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

Amount:

- (iv) Notice period (if other than as set [●] days out in the Conditions)

(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)

[Applicable/Not Applicable]

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

16. **Investor Put**

- (i) Optional Redemption Date(s): [●]
(ii) Optional Redemption Amount(s) of [●] per Calculation Amount each Covered Bond:
(iii) Notice period: [●]

(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)

[Applicable/Not Applicable]

17. **Investor Repurchase Put**

- (i) Optional Redemption Amount [●]

18. **Final Redemption Amount of each [●] per Calculation Amount Covered Bond**

19. **Early Redemption Amount**

Early Redemption Amount(s) per [●] per Calculation Amount
Calculation Amount payable on redemption
for taxation reasons or on event of default
or other early redemption:

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

20. **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 in the limited circumstances specified in the Permanent Global Covered Bond]

[Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on [] days' notice]

[Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds in the limited circumstances specified in the Permanent Global Covered Bond]

(N.B. The exchange upon notice should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")

[Registered Covered Bonds:

- Registered Covered Bonds registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg / a common safekeeper for Euroclear and Clearstream, Luxembourg]]
21. New Global Covered Bond: [Yes/No]
22. Additional Financial Centre(s): [Not Applicable/give details]. *Note that this item relates to the date and place of payment, and not interest period end dates]*
23. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on payments, talons may be required if, on exchange into which such Talons mature): [No/Yes. As the Covered Bonds have more than 27 coupon definitive form, more than 27 coupon payments are still to be made]

[THIRD PARTY INFORMATION]

[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Piraeus Bank S.A. as Issuer:

By:

Duly Authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading and admission to listing: [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Covered Bonds to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of [the Luxembourg Stock Exchange with effect from [●]]. [Not Applicable.]
(Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

Ratings: [Not applicable. The Covered Bonds to be issued are unrated.]/[The Covered Bonds to be issued [[have been]/[are expected to be]] rated as follows:]/[The following ratings reflect ratings assigned to Covered Bonds of this type issued under the Programme generally:]
[Fitch: [●]]
[DBRS: [●]]
[[Other]: [●]]
[insert legal names of the relevant credit rating agency entity(ies) and associated defined terms]

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

[Each of] [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 as amended by Regulation (EU) No 513/2011 and Regulation (EU) No. 462/2013 on credit rating agencies (the **CRA Regulation**) as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the European Securities and Markets Authority webpage <http://www.esma.europa.eu/page/List-registered-ad-certified-CRAs>).]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Arranger/Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the issue/offer. The [Arranger/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] *(Amend as appropriate if there are other interests)*

(N.B. When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

4. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: ☐ / [Not Applicable]

5. HISTORIC INTEREST RATES: (Floating Rate Covered Bonds only).

[Not applicable]/[Details of historic ☐ [month] [LIBOR/EURIBOR/other] rates can be obtained from [Reuters/Bloomberg/other].]

6. OPERATIONAL INFORMATION

ISIN Code: ☐

Common Code: ☐

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery:
Names and addresses of additional
Paying Agent(s) (if any):

Delivery [against/free of] payment

☐

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper *[include this text for registered Covered Bonds]*] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if “yes” selected in which case the bearer Covered Bonds must be issued in NGCB form]*

No. Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper *[include this text for registered Covered Bonds]*]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

(i) Method of distribution: [Syndicated/Non-syndicated]

- (ii) If syndicated, name of managers: [Not Applicable]/[●]
 (iii) Stabilisation Manager(s) (if any): [Not Applicable]/[●]
 (iv) If non-syndicated, name of relevant Dealer: [Not Applicable]/[●]
 (v) Date of Subscription Agreement: [Not Applicable]/[●]
 (vi) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]

(If the Covered Bonds do not constitute “packaged” products or the Covered Bonds do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified.

If the Covered Bonds may constitute “package” products, “Applicable” should be specified.

8. EU BENCHMARKS REGULATION

Article 29(2) statement on benchmarks: [Not Applicable]

[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 ESMA pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011). *[repeat as necessary]*]

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate and financing purposes.

INSOLVENCY OF THE ISSUER

The Greek Covered Bond Legislation contains provisions relating to the protection of the Covered Bondholders and other Secured Creditors upon the insolvency of the Issuer.

In the event of insolvency of the Issuer, the Greek Covered Bond Legislation provides that the Cover Pool will at all times remain segregated from the insolvency estate of the Issuer until payment of any amounts due to the Covered Bondholders and other Secured Creditors has been made in full. Upon registration of the Registration Statements with the public registry, the issue of the Covered Bonds, the creation of the Statutory Pledge and the security *in rem* governed by foreign law (including pursuant to the Deed of Charge), the payments to Covered Bondholders and other Secured Creditors and the entry into of any agreement relating to the issue of Covered Bonds will not be affected by the commencement of insolvency proceedings in respect of the Issuer. All collections from the Cover Pool Assets shall be applied solely towards payment of amounts due to the Covered Bondholders and other Secured Creditors.

Pursuant to the Greek Covered Bond Legislation, both before and after the commencement of insolvency proceedings in respect of the Issuer, the Cover Pool may be autonomously managed until full payment of the amounts due to the Covered Bondholders and the other Secured Creditors has been made. To ensure continuation of the servicing in the event of insolvency of the Issuer acting as the Servicer the Greek Covered Bond Legislation provides that the Transaction Documents may provide for the substitution of the Servicer by the Trustee upon the insolvency of the Issuer.

In the event that no Replacement Servicer is appointed by the Trustee pursuant to the Transaction Documents, continuation of the servicing is ensured as follows: In the event of the Issuer's insolvency under Greek Law 4261/2014 (which implemented EU Directive 2013/36/EU (CRD IV) in Greece), including the appointment of an administrator (*Epitropos*) in accordance with Article 137, or the placing into liquidation in accordance with Article 145 of Greek Law 4261/2014, the Bank of Greece may appoint a servicer to carry out the servicing of the Cover Pool, if the Trustee fails to do so. Such person may either be (a) an administrator or a liquidator (under such Articles 137 or 145 of Greek Law 4261/2014, respectively) (and, in such event, servicing of the Cover Pool will be included in the administrator or liquidator's general powers over the Issuer's assets); or (b) irrespective of, or in addition to, the appointment of such persons, a person specifically carrying out the servicing of the Cover Pool. Any such person appointed as described in paragraph (a) or (b) above shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed.

Any of the aforementioned parties performing the role of the servicer will be required to treat the Cover Pool as a segregated pool of assets on the basis of the segregation provisions of Article 152.

In the event that the Issuer is placed into liquidation in accordance with Article 145 of Greek Law 4261/2014, Covered Bondholders and the other Secured Creditors shall be satisfied in respect of the portion of their claims that is not paid off from the Cover Pool from the remaining assets of the Issuer as unsecured creditors (i.e. after satisfaction of preferred creditors in accordance with Article 145A of Greek Law 4261/2014 (added through para. 1 of Article 120 of Greek Law 4335/2015, as amended and currently in force)).

Further, in the event that resolution measures are ordered with respect to the Issuer under Greek Law 4335/2015 (which implemented the BRRD in Greece), pursuant to Article 44, the Issuer's liabilities under Covered Bonds issued under the Programme, to the extent these are sufficiently secured through the Cover Pool, will be excluded from the liabilities which may be subject to the bail-in tool and all Cover Pool Assets should remain unaffected, segregated and with sufficient funding.

OVERVIEW OF THE GREEK COVERED BOND LEGISLATION

The following is an overview of the provisions of the Greek Covered Bond Legislation relevant to the transactions described in this Base Prospectus and of which prospective Covered Bondholders should be aware. The summary does not purport to be, and is not, a complete description of all aspects of the Greek legislative and regulatory framework pertaining to covered bonds and prospective Covered Bondholders should also read the detailed information set out elsewhere in this Base Prospectus.

Introduction

The transactions described in this Base Prospectus are the subject of specific legislation, the Greek Covered Bond Legislation. As mentioned elsewhere in the Base Prospectus, the Greek Covered Bond Legislation includes Article 152 of Greek Law 4261/2014 (such law being published in the Government Gazette No. 107/A/5-5-2014 and dealing with, *inter alia*, the capital adequacy of investment firms and credit institutions, by implementation of Directive 2013/36/EU) (defined elsewhere in this Base Prospectus collectively as **Article 152**) (which constitutes a repetition of Article 91 of Greek Law 3601/2007 that has been abolished by Greek Law 4261/2014) and the Act of the Governor of the Bank of Greece No. 2598/2007 entitled “Regulatory framework for covered bonds issued by credit institutions” and published in the Government Gazette No. 2236/B/21-11-2007, as amended and restated by the codifying Act of the Governor of the Bank of Greece No. 2620/2009 (published in the Government Gazette No. 2107/B/29-9-2009) (defined elsewhere in this Base Prospectus collectively as the **Secondary Greek Covered Bond Legislation**). The Greek Covered Bond Legislation has been enacted, with a view, *inter alia*, to complying with the standards of Article 52(4) of Directive 2009/65/EC, 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 “On Bond Loans, Securitisation of Claims and of Claims from Real Estate”).

In deviation from the Greek general bond law provisions, the bondholders’ representative (also referred to as the trustee) may be a credit institution or a related company of a credit institution entitled to provide services in the European Economic Area. Unless otherwise set out in the terms and conditions of the bonds the trustee is liable towards bondholders for wilful misconduct and gross negligence.

Under the Programme, it may be provided that various Series of Covered Bonds may share the same security and more than one trustee may be appointed.

Cover Pool – composition of assets

Paragraph 3 of Article 152 provides that the assets forming part of the cover pool may include receivables deriving from loans and credit facilities of any nature and, on a supplementary basis, receivables deriving from derivative financial instruments (such as, but not limited to, receivables deriving from interest rate swaps contracts), deposits with credit institutions and securities, as specified by a decision of the Bank of Greece.

Following 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 Act of the Governor of the Bank of Greece No. 2588/20-8-2007 (on the “Calculation of Capital Requirements for Credit Risk according to the Standardised Approach”), as amended by the Act of the Executive Committee of the Bank of Greece No 7/10-1-2013, including, *inter alia*, claims deriving from loans and credit facilities of any nature secured by residential real estate. 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 satisfying certain requirements as to the scope thereof and the capacity of the counterparty;
- (c) deposits with credit institutions (including any cash flows deriving therefrom) provided that such deposits comply with paragraph 8(b)(iv) of Section B of the Act of the Governor of the Bank of Greece No 2588/20-8-2007. 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; and
- (d) Marketable Assets, as referred to below.

Loans that are in arrears for more than 90 days shall not be included in the Cover Pool for the purposes of the calculations required under the Statutory Tests.

The Bank of Greece has also set out requirements as to the substitution and replacement of cover pool assets by other eligible assets (including, *inter alia*, marketable assets, as defined in the Act of the Monetary Policy Council No. 96/22.4.2015 as in force (which replaced the Act of the Monetary Policy Council of the Bank of Greece No. 54/27-2-2004)).

Benefit of a prioritised claim by way of statutory pledge

Claims comprised in the cover pool are named in a document (defined elsewhere in this Base Prospectus as a Registration Statement) signed by the issuer and the trustee and registered in a summary form including the substantial parts thereof, in accordance with Article 3 of Greek Law 2844/2000. The form of the Registration Statement has been defined by Ministerial Decree No. 95630/8-9-2008 (published in the Government Gazette No 1858/B/12-9-2008) of the Minister of Justice. Receivables forming part of the cover pool may be substituted with others and receivables may be added to the cover pool in the same manner.

Holders of covered bonds and certain other creditors having claims relating to the issuance of the covered bonds (such as, *inter alios*, the trustee, the servicer and financial derivatives counterparties) named as secured creditors in the terms and conditions of the covered bonds are secured (by operation of paragraph 4 of Article 152) by a statutory pledge over the cover pool, or, where a cover pool asset is governed by foreign law, by a security *in rem* created under applicable law.

With respect to the preferential treatment of covered bondholders and other secured creditors and pursuant to paragraph 6 of Article 152, claims that benefit from the statutory pledge rank ahead of claims referred to in Article 975 of the GCCP (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 the security *in rem* governed by foreign law, if any, the payments to covered bondholders and other creditors secured by the statutory pledge, as well as the entry

into any agreement relating to the issue of covered bonds may not be affected by the commencement of insolvency proceedings within the meaning of Greek Law 3458/2006, as amended by Greek Law 4335/2015 and in force, implementing into Greek law the Directive 2001/24/EC, as amended and in force, in respect of the issuer.

Paragraph 8 of Article 152 safeguards the interests of covered bondholders and other secured creditors in providing that assets included in the cover pool may not be attached/seized nor disposed by the issuer without the written consent of the trustee, unless otherwise set out in the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 deals with the servicing of the cover pool. In particular, it provides that the terms and conditions of the covered bonds may specify that either from the beginning or following the occurrence of certain events, such as, but not limited to, the commencement of insolvency proceedings in respect of the issuer, the trustee may assign to third parties or carry out itself the collection of and, in general, the servicing of the cover pool assets by virtue of an analogous application of the Greek provisions on servicing applicable to securitisations (paragraphs 14 through 16 of Article 10 of Greek Law 3156/2003).

Paragraph 9 of Article 152 also provides that the trustee may also, pursuant to the terms and conditions of the bonds and the terms of its relationship with the bondholders, sell and transfer the assets forming part of the cover pool either by virtue of an analogous application of Articles 10 and 14 of Greek Law 3156/2003 concerning securitisation of receivables or pursuant to the general legislative provisions and utilise the net proceeds from the sale to pay the claims secured by the statutory pledge, in deviation from Articles 1239 and 1254 of the Greek Civil Code on enforcement of pledges and any other legislative provision to the contrary. For the purposes of facilitating the transfer pursuant to the above mentioned securitisation provisions of Greek Law 3156/2003, but in deviation from paragraph 2 of Article 10 of Greek Law 3156/2003 the transferor shall not be required to have a permanent establishment in Greece.

In the event of the issuer's insolvency the Bank of Greece may appoint a servicer, if the trustee fails to do so. Sums deriving from the collection of the receivables that are covered by the statutory pledge and the liquidation of other assets covered thereby are required to be applied towards the payment of the covered bonds and other claims secured by the statutory pledge pursuant to the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 also deals with banking secrecy and personal data processing. In particular, it provides that the provisions of paragraphs 20 through 22 of Article 10 of Greek Law 3156/2003 that regulate these issues in the securitisation transactions shall apply *mutatis mutandis* to the sale, transfer, collection and servicing, in general, of the assets constituting the cover pool.

Paragraph 11 of Article 152 confirms that covered bonds may be listed on a regulated market within the meaning of paragraph 10 of Article 2 of Greek Law 3606/2007 (published in the Government Gazette No. 195/A/17-8-2007), as in force (already paragraph 21 of Article 4 of Greek Law 4514/2018 which implemented into Greek law MiFID II and repealed Greek Law 3606/2007) and paragraph 14 of Article 4 of Directive 2004/39/EC (already paragraph 21 of Article 4 of Directive 2014/65/EU (MiFID II) which repealed Directive 2004/39/EC), and offered to the public pursuant to applicable provisions.

Article 152 authorises the Bank of Greece to deal both with specific issues, such as, the definition of the cover pool, the ratio between the value of the cover pool assets and that of covered bonds, the method for the evaluation of cover pool assets and requirements to ensure adequacy of the cover pool and any details in general for the implementation of Article 152.

The Secondary Covered Bond Legislation

The Secondary Greek Covered Bond Legislation has been issued by the Bank of Greece by virtue of authorisations given by Article 152 as aforesaid. To this effect, the Secondary Greek Covered Bond

Legislation sets out requirements for the supervisory recognition of covered bonds, including, requirements as to the issuer's risk management and internal control systems; requirements as to a minimum amount of regulatory own funds on a consolidated basis and capital adequacy ratio; definition and eligibility criteria as to the initial cover pool and the substitution and replacement of cover pool assets; requirements in respect of the ratio between the value of the cover pool assets and the value of covered bonds, the ratio between the net present value of liabilities under the covered bonds and the net present value of the cover assets, the ratio between interest payments on covered bonds and interest payments on cover pool assets and the revaluation of the value of the real estate property mortgaged; requirements for the performance of quarterly reviews by the servicer and annual audits thereof by independent chartered accountants; requirement to appoint a trustee; provisions regarding measures to be taken in the event of insolvency procedures in respect of the issuer; procedures for the submission of documents to obtain approval by the Bank of Greece in respect of the issuance of covered bonds; provisions relating to the position weighting of covered bonds; and data reporting and disclosure requirements.

PIRAEUS BANK AND THE PIRAEUS BANK GROUP

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

1. Overview of Piraeus Bank and the Piraeus Bank Group

Piraeus Bank was incorporated in Greece on 6 July 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution under the Codified Law 2190/1920 and Law 4261/2014, each as in force. The Bank is a company limited by shares (société anonyme) with the legal name ‘Piraeus Bank Société Anonyme’. It is registered in Greece with the General Commercial Registry of the Ministry of Economy Development and Tourism Under No. 225501000 (ex number 6065/06/B/86/04 of Companies’ Registry) (number 6065/06/B/86/04) and has its registered office at 4 Amerikis Str., 105 64 Athens, Greece (telephone +30 210 333 5000). It has been listed on the Athens Stock Exchange (**ATHEX**) since 1918, and is subject to the regulation and supervision of, amongst others, the ECB, the Bank of Greece and the Hellenic Capital Market Commission (the **HCMC**). The Bank’s commercial name is Piraeus Bank. The duration of the Bank as determined by its Articles of Association has been extended to terminate on 6 July 2099.

Piraeus Bank is the flagship company of the Piraeus Bank Group of Companies (the **Group**, the **Piraeus Bank Group** or the **Piraeus Group**) and the ultimate parent of the majority of the subsidiaries comprising the Piraeus Group.

Piraeus Bank is a universal bank and leads a group of companies covering all types of financial and banking activities in the Greek market. Piraeus Group possesses particular know-how in the areas of small and medium-sized enterprises (**SMEs**), retail banking, corporate banking, project finance, leasing, capital markets and investment banking and provides services in asset management and bancassurance. After the acquisition of ATEbank, Piraeus Bank became the leading financial provider of loans to Greek farmers, facilitating operations that are subsidised by the EU and that offer great potential for deposit gathering and cross selling. Piraeus Bank offers services through a nationwide network and also through the electronic banking network winbank (**Winbank**). The latter offers a full set of services through four different distribution channels: the internet, mobile phones, a call centre and ATMs. The excellent level of service provided by Winbank has attracted a significant number of awards and distinctions.

Both Piraeus Bank and the Piraeus Group, as a whole, have developed significantly over the last 20 years, through both organic growth and acquisitions, and Piraeus Bank is now the largest bank in Greece in terms of total assets, loans and deposits.

Since July 2012, Piraeus Bank has acquired five banking businesses in Greece against the backdrop of the ongoing restructuring and consolidation of the Greek banking sector. The acquisitions, which include the following transactions, have significantly expanded Piraeus Bank’s operations:

- (i) in July 2012, the acquisition of selected assets (including only loans and advances which were performing as at the acquisition date) and the related liabilities of ATEbank, but not the entire entity itself (the **ATEbank Acquisition**);
- (ii) in December 2012, the acquisition of Geniki Bank S.A., Société Générale’s Greek subsidiary (the **Geniki Acquisition**);

- (iii) in March 2013, the acquisition of all deposits loans and branches of the Greek operations of three Cyprus-based banks, namely Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank (the **Cypriot Banks**), including the loans and deposits of the subsidiaries of these banks in Greece (the **Cypriot Acquisitions**);
- (iv) in June 2013, the acquisition of Millennium Bank Greece (**MBG**), the Greek subsidiary of Banco Comercial Portugues S.A., Portugal's largest bank (the **MBG Acquisition**);
- (v) in April 2015, the acquisition of the "good" part of Panellinia Bank, contributing to the further consolidation of the Greek banking system,

collectively referred to as the **Acquisitions** and the acquired entities or assets and liabilities of specified activities collectively referred to as the "Acquired Businesses".

In terms of international presence, Piraeus Bank Group is active in Ukraine and also in the financial centres of London and Frankfurt. The Bank's two subsidiaries in Albania (Tirana Bank I.B.C. S.A (**Tirana Bank**)) and in Bulgaria (Piraeus Bank Bulgaria AD (**Piraeus Bank Bulgaria**)) have been classified as discontinued as of 30 June 2018.

Furthermore, on 7 August 2018, Piraeus Bank S.A. announced that it has entered into an agreement with the Balfin Group and the Komercijalna Banka, for the sale of shares in its subsidiary in Albania, Tirana Bank. The transaction is subject to customary conditions, including regulatory and other approvals by the respective authorities of the European Commission, Greece and Albania, as well as the HFSF.

Moreover, on 23 April 2018, the sale of Piraeus Bank Beograd A.D (**Piraeus Bank Beograd**) was completed following the receipt of the necessary regulatory approvals. In addition, the Piraeus Bank Romania sale was completed on 28 June 2018.

At 31 December 2017, Piraeus Bank Group had a network of 753 branches (620 in Greece and 133 abroad) and employed 15,115 people, while its total assets amounted to €67.4 billion. As at 30 June 2018 the Group operated a network of 594 branches (574 in Greece and 18 branches in the Ukraine, one branch in London and one branch in Frankfurt). At the same time the Group's headcount totalled 12,920 employees in its continuing operations, of which 12,451 were employees in Greece and 499 abroad. The total Group headcount including discontinued operations totalled 15,312 as at 30 June 2018, while its total assets amounted to €59.2 billion.

The share capital of the Bank as at 30 June 2018 amounted to €2,619,954,984, which consists of 436,659,164 ordinary registered voting shares, with a par value of €6.0 each.

As from 1 January 2005, Piraeus Bank prepares all its financial statements under the International Financial Reporting Standards (**IFRS**) as endorsed by the European Union. The independent auditors of the annual financial statements for the fiscal year from 1 January 2017 to 31 December 2017 were Deloitte Certified Public Accountants S.A., who is also the auditors of the annual financial statements for the fiscal year from 1 January 2018 to 31 December 2018. The interim condensed financial information for the six-month period ended 30 June 2018 has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

Neither Piraeus Bank nor any other member of Piraeus Group has entered into any contract outside the ordinary course of its business which could result in any Piraeus Group member being under an obligation or

entitlement that is material to Piraeus Bank's ability to meet its obligations to the Covered Bondholders under the Programme.

2. **Strategy**

Piraeus Group continues to play a central role in the recovery of the Greek economy, maintaining its position in the Greek banking market.

Piraeus Bank seeks to contribute actively in providing financing to businesses and households and supporting the financing of creditworthy investment plans. At the same time, Piraeus Bank continues to hold its role as a leading provider specialising in financial services towards SMEs.

Based on provisional seasonally adjusted data, real GDP in Greece for the first half of 2018 increased by 2.2 per cent. on an annual basis, indicating the improved prospects of the economy. (Source: National Accounts Division ELSTAT). The growth of economic activity is mainly attributed to the strong performance of exports of goods and services. Based on available data and leading indicators of economic activity, such as the manufacturing purchasing manager's index and the economic sentiment indicator, the pace of recovery is expected to continue in 2018.

The financial sector in Greece has seen positive developments in 2018: bank deposits of the non-financial private sector are rising. From June 2015 to June 2018, when capital controls were introduced, total deposits with Greek banks have increased by €17.2 billion (Source: Bank of Greece). Bank credit to non-financial corporations has stabilised. In addition, the four significant Greek banks were, for the first time since 2014, able to raise funds totalling €2,250 million in 2017 and the start of 2018 from international capital markets through covered bond issues. Capital controls have been relaxed, and banks' exposure on central bank funding has decreased significantly, with the ELA reliance having been lowered to €5 billion as at 31 July 2018 from €87 billion as at 31 July 2015.

The stock of non-performing loans remains the most important challenge for the whole banking system. As at 30 June 2018, the stock of NPEs stood at €88.6 billion or 47.6 per cent. of total exposures in Greece. Compared to 31 March 2016, when the stock of NPEs reached the peak, the reduction is 17.3 per cent. or €18.6 billion (source: Bank of Greece). Regarding the development of a secondary market for NPE servicing and sales, there is progress in the Greek market now counting 14 licensed NPE servicers and banks accelerating and frontloading the sales processes for NPEs.

The decisions of Eurogroup (21-22 June 2018) which marked the conclusion of the last review of the third economic adjustment programme for Greece, was a focal point. First, they provide for enhanced post-programme surveillance following Greece's departure from the Third Economic Adjustment Programme and conditionality, to ensure that fiscal policy does not go off-track and that the reform effort is not abandoned. Second, the Eurogroup decisions seek to ensure the sustainability of Greek public debt, at least in the medium term, which should have a positive impact on the markets and boost confidence in the future of the Greek economy. Long-term sustainability, however, hinges on maintaining the Greek fiscal and reform effort over a long period, as well as on the commitment of the Eurogroup to consider further debt relief measures for the long term.

Piraeus Bank Group announced in late May 2017 its strategic plan for 2020 entitled "Agenda 2020", aiming at establishing Piraeus Bank as the most trusted bank in Greece, creating value for its shareholders, customers and employees.

"Agenda 2020" sets six distinct strategic priorities in the medium-term that aim to enhance the confidence of shareholders, customers and employees in the prospects of Piraeus Bank, while at the same time superseding any previous goals. As a result, Piraeus Bank aims to be able to meet the big challenge of substantially supporting the restart of the Greek economy.

Agenda 2020 is based on the following key goals and objectives:

- reduce NPLs and NPEs to internationally accepted levels according to the EBA "Risk Dashboard";
- create a profitable and sustainable business model, with attractive returns for shareholders over the medium-term;
- maintain a strong capital base; and
- re-establish wholesale market funding access.

A first strategic priority of "Agenda 2020" is to de-risk the Group balance sheet, achieved through the functional separation of the Group in two operating pillars to maximise value from the core businesses of the Group and focus on realising value from legacy holdings. With this division, Piraeus Bank aims to streamline its operations and enhance organic capital generation. The two pillars are:

- 'Piraeus Core Bank': this concentrates on the competitive advantages of the Group's core domestic business. It focuses on financing sound and healthy borrowers, while aiming to maintain its leading market position in customer deposits. Piraeus Bank aims to remain a prominent SME & corporate bank, along with increasing generation of retail loan products under a conservative risk-adjusted approach.
- Piraeus Legacy Unit (**PLU**): this comprises of non-core assets that also include attractive long-term businesses with strong market positions that, nonetheless, do not meet the targeted return profile of the Group. A dedicated management team seeks to maximise value by executing value-generating disposals or pursuing additional transformational opportunities. These businesses and assets include the Recovery Banking Unit (**RBU**) loans, stakes in non-core domestic assets, repossessed real estate properties and international operations included in the Bank's restructuring plan.

In addition, the other five strategic priorities are the following:

- (i) Re-size and focus by conducting a disciplined review of all existing businesses, in order to maximise resources deployed in the areas that Piraeus Bank has held historically a dominant position. This will include a simplified group structure and effective cost rationalisation measures, as well as further optimisation of the Group's branch network and targeted investments in digitalisation.
- (ii) Implement a profitable and sustainable business model, leveraging existing valued core client relationships, and focusing on greater cross-selling opportunities, as well as fee-generative activities. Piraeus Bank aims to continue developing innovative products, marketing to selected customer segments through a multi-channel distribution strategy, while deploying a targeted and risk-based credit policy, and implementing advanced risk-based pricing methodologies to ensure sustainably attractive returns on its core operations.

- (iii) Optimise capital allocation through the implementation of a 'Risk Appetite Framework' that includes a portfolio-based approach to capital allocation. Piraeus Bank plans to maintain a well-capitalised balance sheet, able to withstand unexpected external shocks, yet still provide strong returns to its shareholders.
- (iv) Strengthen risk monitoring and controls. Piraeus Bank places particular emphasis on effective monitoring and risk management, with a view to maintaining the stability and continuity of its operations. Piraeus Bank will further strengthen its support and control functions (audit, compliance, credit risk, finance, legal and operational risk management) consistent with the four lines of defence principle.
- (v) Adopt superior governance standards. Piraeus Bank has already executed specific requirements of the Greek Law 3864/2010 (HFSF law), and has updated its corporate governance procedures in line with both the RFA and Piraeus Bank's restructuring plan. The Bank has also concluded the re-composition of its Board of Directors (as defined below), while ensuring uninterrupted Board and Committee meetings. Piraeus Bank now has a Board of Directors with well-esteemed international members, who bring with them significant, diverse experience in banking, risk, and NPL management.

Agenda 2020 establishes a clear set of strategic priorities that, in conjunction with focused and effective execution, aims to provide a clear and visible path to a full recovery for Piraeus Bank.

Medium-Term Strategic and Financial Targets

Piraeus Bank sets financial targets to enable the implementation of the Bank's strategy and business plan, as well as its commitments under its restructuring plan. The Bank's medium term (referring to the end of 2020, unless otherwise specified below) financial targets for the Bank's domestic operations are to:

- maintain market leadership in Greece in terms of market shares, moving in line with the Greek banking market; Piraeus Bank is presently the largest bank in the Greek loan market, with a 29 per cent. market share in loans and deposits as at 30 June 2018 (source: Bank of Greece and financial information for banks as of June 2018);
- transform Piraeus Bank's domestic branch network and increase branch productivity ahead of competition, matching European peer benchmarks; Piraeus Bank's current optimum targeted branch network size is approximately 450-500 branches, down from 574 branches at 30 June 2018;
- lower parent level NPE balances to below €20 billion level by 2019 down from €28.3 billion as at 30 June 2018 through active NPE management by the RBU as well as inorganic initiatives. The reduction will be mainly driven by restructurings, collections, liquidations, debt forgiveness, write-offs and sales;
- decrease PLU RWA from €19.4 billion (as at 30 June 2018) to below €13 billion.
- achieve a cost to income ratio of approximately 40 per cent. for Piraeus Core Bank on the back of approximately €200 million cost savings to be realised in the three year period 2018-2020, with domestic operating expenses reducing to approximately €0.90 billion from €1.10 billion as at 31 December 2017;

- generate new lending on specific market sectors, utilising risk-based pricing, of above €10 billion level in the next three year period 2018 - 2020;
- maintain a Loan to Deposit ratio at less than 110 per cent.;
- ensure that the Bank continues to remain above the applicable capital requirements at all times.

With respect to the Group's international operations, the Group plans to further reduce current level of exposure, implementing its commitments under its restructuring plan and focusing on the domestic core operations. International exposure will be limited to the presence of the Group's branches in London and Frankfurt.

3. Piraeus Bank Group Organisational Structure

The Greek financial services sector has historically been characterised by the presence of specialised companies established around a principal bank. In a similar manner, the Piraeus Bank Group is comprised of Piraeus Bank and its subsidiaries. Piraeus Bank is not dependent upon any other entities within the Group. The following diagram summarises the divisional structure of the principal direct and indirect subsidiaries of Piraeus Bank as at 30 June 2018 from both continuing and discontinued operations:

Piraeus Bank Group				
Commercial Banking	Investment Banking	Asset Management	Bancassurance	Non-Financial Companies
Tirana Bank S.A. (99%)	Piraeus Securities S.A. (100%)	Piraeus Asset Management Mutual Funds S.A. (100%)	Piraeus Insurance & Reinsurance Brokerage S.A. (100%)	Piraeus Direct Solutions S.A. (100%)
Piraeus Bank Bulgaria A.D. (100%)		Piraeus Asset Management Europe S.A. (100%)	Piraeus Insurance Agency S.A. (100%)	Piraeus Real Estate S.A. (100%)
JSC Piraeus Bank ICB (100%)		Piraeus Group Capital LTD (100%)	Piraeus Insurance Brokerage EOOD (100%)	Picar S.A. (100%)
Piraeus Leasing S.A. (100%)				ETVA
Piraeus Financial Leases S.A. (100%)				Industrial Parks S.A. (65%)
Piraeus Factoring S.A. (100%)				
Piraeus Leasing Romania S.A. (100%)				

4. Ownership of Piraeus Bank

The shareholder structure of Piraeus Bank is diverse. The total number of the Bank's common shareholders was approximately 30,000 as at 30 June 2018. The HFSF controlled 26.4 per cent. of the outstanding ordinary

shares (436,360,456 of a nominal value €6.00 each) and the remaining 73.6 per cent. were held by shareholders in the private sector and in particular 67.6 per cent. were institutional investors and legal entities, whereas 6.0 per cent. were individuals. More specifically, the HFSF, as of 30 June 2018, held 2,042,067 non-voting shares, namely 0.47 per cent. of Piraeus Bank's total share capital and 113,333,333 shares with voting rights, namely 25.95 per cent. of Piraeus Bank's total share capital.

5. **Management of Piraeus Bank**

The General Meeting of the Shareholders is the ultimate governing body of Piraeus Bank entitled to elect the Board of Directors (the **Board of Directors** or **BoD**).

The current BoD is composed of 11 members, including the representative of the HFSF, in accordance with the applicable provisions of Greek law including Law 3864/2010, as in force. The Board of Directors consists of executive and non-executive members. Executive members are those engaged in the daily management of the Bank whilst non-executive members are those entrusted with the promotion of corporate affairs generally. In accordance with Article 8 of the Bank's Articles of Association and the RFA, five of the non-executive members are independent.

The foremost obligation and duty of the BoD members is to constantly seek to enhance the long-term financial value of the Bank and act in the general corporate interest of the Bank. The BoD members, as well as any third party entrusted with competencies of the BoD, are prohibited to pursue own interests contrary to those of the Bank. The independent non-executive members of the BoD may, severally or jointly, submit separate reports and accounts from those of the BoD to the ordinary or extraordinary General Meeting of the Bank, as required.

The mandate of the Board of Directors is three years, and its members are elected by the General Meeting of Shareholders. The latter validates any resignation or replacement of Board of Directors members during any accounting period. The members of the Board may always be re-elected. The Board of Directors meets at least once a month following an invitation of the Chairman or its deputy; during the meetings minutes are kept which are signed by the Chairman, or the Vice-Chairman, or the Managing Director or the Executive Director, and by the Secretary of the BoD. The BoD members are allowed to receive a fee which is defined by special resolution of the ordinary General Meeting.

Following the redemption of the Pillar II bonds by Piraeus Bank on 28 April 2016, Piraeus Bank no longer has any reliance on Greek Law 3723/2008, as in force, and therefore, it is no longer subject to the restrictions of the relevant support scheme, that required, among other things, the appointment of one representative of the Hellenic Republic in its Board of Directors.

On 28 June 2017 Piraeus Bank announced its new Board of Directors (including designation of executive and non-executive members, in accordance with Greek Law 3016/2002, as in force), which was elected by the Ordinary General Meeting of Shareholders held on such day.

Further to the above, the Annual General Meeting of Shareholders on 29 June 2018 was notified of the election on 28 November 2017 of Mr. Per Anders Fasth as new representative of the HFSF, in replacement of Ms. Aikaterini Beritsi, according to the relevant letter sent by the HFSF and the election on 20 December 2017 of Mr. George Georgakopoulos, as new Executive Member in replacement of Mr. Ilias Milis.

The composition of Piraeus Bank's Board of Directors is as follows:

Chairman of the Board of Directors

- George P. Handjinicolaou, Non-Executive Member

Vice-Chairman of the Board of Directors

- Karel G. De Boeck, Independent Non-Executive Member

Executive Board Members

- Christos I. Megalou, Managing Director
- George G. Georgakopoulos

Independent Non-Executive Board Members

- Venetia G. Kontogouris
- Arne S. Berggren
- Enrico Tomasso C. Cucchiani
- David R. Hexter

Non-Executive Board Members

- Solomon A. Berahas
- Alexander Z. Blades

Representative of the Hellenic Financial Stability fund pursuant to the provisions of L. 3864/2010

- Per Anders J. Fasth

Mr George P. Handjinicolaou holds the position of Chairman, Non-Executive Member of the Board of Directors, at the Athens Exchange Group and at the Hellenic Central Securities Depository.

Mr Solomon A. Berahas holds the position of CEO and General Manager – Executive Member of the Board of Directors at Tiresias Bank Information Systems SA.

Mr Alexander Blades holds the position of Partner in the investment company Paulson & Co. INC.

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

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

The business address of each person identified above is 4 Amerikis Street, 10564 Athens, Greece.

6. Activities of the Piraeus Bank Group

The Piraeus Bank Group, either through the Bank or its subsidiaries, provides a wide variety of banking products and services to retail customers and corporate clients.

In Q1 2018 the Executive Committee of the Group, in line with the implementation of “Agenda 2020” strategic plan, changed its segment analysis from the traditional product oriented segmentation applied up to and including 31 December 2017 to a customer oriented segmentation perspective.

Under Agenda 2020 the Group was split into two operating pillars to streamline its operations. The new segments that have derived from these are defined as follows:

Piraeus “Core” Segments

Retail Banking – This segment includes mass, affluent, private banking, small businesses, and public core segments and channels.

Corporate Banking – This segment includes facilities relating to large corporates, shipping, SME, green banking and the agricultural segments.

Piraeus Financial Markets (PFM) – This segment includes the fixed income, foreign exchange, treasury activities (including the interest rate gap resulting from all bank activities) as well as the institutional clients’ segments.

Other segments – This segment includes the results of all management related activities which cannot or should not be allocated to specific customer segments. This segment also includes all the funding related transactions which are made as a result of an Assets/Liabilities Management Committee decision.

“Piraeus Legacy Unit” Segment

PLU – This segment includes the RBU, which is considered to be non-core business, international subsidiaries (as there is a clear commitment through the Bank’s restructuring plan to deleverage from its foreign assets) as well as real estate owned (**REO**), non-core Greek subsidiaries and discontinued operations.

An analysis of the results and other financial figures per business segment of the Group is presented below.

6.1. Retail Banking

Piraeus Bank Group’s domestic operations in retail banking are conducted through the Bank and its branch network, as well as through digital service channels, such as the winbank e-banking platform and the winbank mobile application. Retail Banking, combining market knowledge and years of experience and know-how, supports responsibly and actively individuals and businesses at every step. It invests significantly in the exploitation of innovative technology and modern methods for using large datasets, so that services offered are affordable and improve the customers' day-to-day business, adding value to their business plans. The Bank’s retail banking customer segments such as mass retail, affluent banking and small business banking are offered a wide range of different types of deposit, credit and investment products, including savings or current

accounts, time deposits, investment products, consumer loans and mortgages, credit cards, bancassurance products and insurance brokerage, as well as a wide spectrum of banking services.

Additionally, private banking continued improving its services in 2017. The business model, unit structure and customer-centric approach have been reinvigorated and redesigned. At the same time, private banking expanded the range of products and services offered, and now provides services abroad, through strategic partnerships with banks in Switzerland and Luxembourg. In this context and guided by the Bank's strategic decision to strengthen and promote private banking, a series of promotion initiatives were carried out and conditions were set for bringing it up to the highest international standards.

6.1.1. *Deposit Products*

Piraeus Bank, closely monitoring developments in the economic environment, responded promptly to the changing needs of its customers and implemented its business plan to re-build its deposit base. The plan focused on providing a wider range of new competitive products and on structured planning, execution and monitoring of targeted actions, aiming to overcome market movements in private sector deposits. This objective was achieved despite the fact that in the first months of 2017 uncertainty prevailed, following the delay in the conclusion of the second review for the Third Economic Adjustment Programme, which resulted in a negative market climate for deposits. The agreement in principle in May 2017 and the successful completion of the review in June 2017 triggered a change in climate throughout the second half of the year, creating the right conditions for a successful repatriation of funds from deposits which remained outside the banking system.

Deposits due to customers of the Group decreased to €42.1 billion as at 30 June 2018 from €42.7 billion as at 31 December 2017, while as at 31 December 2016 deposits due to customers amounted to €42.4 billion. Due to the divestment of operations, in accordance with the approved restructuring plan of the Bank, the deposits due to customers relating to the Group's international activities as of 30 June 2018 amounted to €0.2 billion, from €1.8 billion as at 31 December 2017 and from €3.0 billion as at 31 December 2016. By contrast, the improved prospects for the domestic economy invigorated the economic sentiment and led to an increase of the Group's deposits due to customers in Greece as at 30 June 2018 of €41.9 billion compared to €40.9 billion as at 31 December 2017 and to €39.3 billion as at 31 December 2016.

	30 June	31 December	
Due to customers	2018		
Amounts in EUR million	(unaudited)	2017	2016
Savings accounts	14,430	15,134	14,995
Current and sight and other deposits	10,851	11,682	11,190
Term deposits	16,821	15,900	16,179
Total customer deposits and retail bonds.....	42,102	42,715	42,365

6.1.2. *Loans and advances to individuals before purchase price allocation (PPA) adjustment*

In the context of improving the quality of service to retail and mortgage customers and enhancing the loan portfolio, in 2017 and the first half of 2018, the Bank upgraded its systems and processes using cutting-edge technology and state-of-the-art models.

At the same time, in the context of the Bank's innovative online site for the sale of REO assets through online & publicly accessible auctions (Properties4Sale), interested customers were able to finance a mortgage loan with favourable terms, following a simple and flexible process.

Total loans and advances to customers in Piraeus Bank's Greek operations, including mortgages, consumer and personal and other loans and credit cards amounted to €19.5 billion as at 30 June 2018, as compared to €20.3 billion as at 31 December 2017 and €21.5 billion as at 31 December 2016 (representing 37.1 per cent. of the consolidated loan portfolio in Greece as at 30 June 2018, 34.9 per cent. as at 31 December 2017 and 34.2 per cent. as at 31 December 2016). The Group's loans and advances to customers amounted to €20.7 billion as at 31 December 2017 compared to €22.4 billion as at 31 December 2016, while as at the end of June 2018 the Group's loans to individuals amounted to €19.7 billion.

Mortgage loans in Greece amounted to €14.7 billion as at 30 June 2018 and €15.0 billion as at 31 December 2017, while as at 31 December 2016 mortgage loans in Greece stood at €15.7 billion. The Group's consumer, personal and other loans and credit cards in Greece amounted to €4.8 billion as at 30 June 2018, to €5.3 billion as at 31 December 2017 and to €5.8 billion as at 31 December 2016.

Loans and advances to individuals before PPA adjustment Amounts in EUR million	30 June	31 December	
	2018	2017	2016
Consumer, personal and other loans.....	4,934	5,482	6,274
Mortgage loans	14,757	15,183	16,162
Total.....	19,692	20,665	22,435

6.1.3. *Bancassurance Products and Insurance Brokerage*

Piraeus Bank's Bancassurance team which was established in 2008 with the aim of developing systematic sales of Bancassurance products through the branch network, as well as through alternative service channels (contact centre, winbank e-banking platform), retained a leading market share in Greece in 2017 of almost 37 per cent., (Source: The Hellenic Association of Insurance Companies) increasing the sense of responsibility for quality service and development of innovative products. The Group's total portfolio under management amounted to €330 million in 2017, with total profits from insurance brokerage activities of €43 million. In 2017, the Bancassurance agreement with NN Hellas, member of international insurance and investment NN Group which was due to end on 31 December 2017, was renewed for ten years with a further five-year extension possibility.

Piraeus Insurance Agency S.A., together with Piraeus Insurance & Reinsurance Brokerage S.A., form the single arm of insurance mediation services, aimed at fully covering the insurance needs of the Group's customers. Piraeus Insurance Agency S.A. offers a broad range of general insurance and life insurance

services and products, covering vehicle insurance, property insurance, third party civil liability, life and health insurance plans and policies, retirement and pension plans, personal accident cover, leisure craft insurance and legal protection plans and also engages in insurance and reinsurance brokerage activities for all types of insurance policies.

Piraeus Insurance and Reinsurance Brokerage S.A., a wholly-owned subsidiary of Piraeus Group, offers a complete range of insurance products and services for businesses, fully covering their insurance coverage needs.

6.1.4. *Branch Network*

Piraeus Bank provides a wide range of banking services and products, which are offered through a nationwide network of branches.

Since May 2016 and following the implementation period of planned actions aligned with the Bank's strategic goals, a retail banking transformation was launched with pilot actions being implemented in selected branches, aiming for:

- optimisation of branch operational efficiency;
- transition from traditional cash transactions towards digital networks;
- optimisation of branch network footprint; and
- increase of customer loyalty and efficiency, through actions boosting commercial activity at a branch level.

The results of the pilot actions were highly encouraging and full implementation by the entire branch network was rolled out during 2017. In the context of optimising the branch network footprint and increasing efficiency, 40 branches were eliminated during 2017, resulting in a total of 620 branches at 31 December 2017 compared to 660 branches at 31 December 2016. At 30 June 2018, the Bank operated 574 branches in Greece.

Additionally, Piraeus Bank aims to differentiate itself with the provision of superior standards of customer service, adopting modern technological solutions. In this context, an electronic branch, known as "e-branch", was set up and has operated since 2016. This is a completely new concept for the Greek market. Piraeus Bank currently has 4 e-branches in the region of Attica and 1 in Crete, in which transactions are carried out with speed, convenience and security.

6.1.5. *Digital Banking*

Piraeus Bank offers a full range of innovative solutions of digital products and services, such as Winbank web banking, Winbank mobile banking, Winbank apps and Winbank phone banking.

Winbank (the first integrated platform for web banking in Greece) operating since 2000, has become a strategic pillar for the future development of the Bank.

The number of registered Winbank users increased significantly during recent years and especially post capital controls imposition in Greece in mid-2015, a fact that resulted in a boost in all electronic

payments in Greece. Winbank users accounted for a significant percentage of the Bank's total customers in Greece as at 30 June 2018. More specifically, Winbank subscribers for internet – phone – mobile services stood at 1.9 million individuals and approximately 100,000 legal entities at 30 June 2018.

6.2. Corporate Banking

6.2.1. Corporate & SMEs

In Greece, Piraeus Bank Group historically holds a strong position in providing financing services to businesses operating in all sectors of the economy. It offers a wide range of deposit and funding products to businesses, including financial and investment advisory services and loans (in euro and other currencies), foreign exchange services, insurance products, custodial services and import/export services, through its branch network, large corporate and structured finance division, business centres, shipping banking division and subsidiary leasing and factoring companies.

Loans and advances to corporate entities	30 June	31 December	
Amounts in EUR million	2018	2017	2016
Large Enterprises.....	14,209	17,323	19,407
SMEs before	19,848	22,272	24,806
Total.....	<u>34,057</u>	<u>39,595</u>	<u>44,213</u>

Total gross loans and advances to customers include the disbursement of a seasonal agro-loan facility of €1.6 billion and €1.7 billion at 31 December 2017 and 31 December 2016 respectively to OPEKEPE (the Greek Payment and Control Agency for Guidance and Guarantee Community Aid) for the payment of EU agricultural subsidies to approximately 700,000,000 farmers (the loans were repaid in early February 2018 and 2017 respectively).

In respect of the Greek operations of the Group, total loans and advances to businesses in Greece amounted to €33.1 billion as at 30 June 2018 and €38.0 billion as at 31 December 2017 compared to €41.5 billion as at 31 December 2016.

6.2.2. Leasing

Leasing activities are conducted through the Bank's subsidiaries, Piraeus Leasing S.A. and Piraeus Leases S.A. including the operations of CPB Leasing S.A., which engage in financial leasing of immovable property, machinery, professional vehicles and other types of assets.

In 2017, new operations amounted to €100.0 million compared to €93.0 million in 2016, while the leased assets of financial and commercial leasing for Piraeus Leasing alone amounted to €870 million, while the sum of the managed portfolios (Piraeus, Cyprus, C P Bank) amounted to €2.0 billion.

6.2.3. Factoring

Piraeus Factoring S.A., a wholly-owned subsidiary of Piraeus Bank, provides the full range of import and export factoring services to businesses by financing their accounts receivables, ensuring the efficient management and ongoing assessment of the solvency of existing or new ventures and providing credit risk

insurance coverage. Piraeus Factoring is the fastest growing company in the sector, with a 50 per cent. growth rate over the past three years, and increasing profitability.

6.2.4. *Green Banking*

In the last few years, there has been a significant shift in the way businesses operate, moving away from traditional forms of investments. This has resulted in the emergence of green entrepreneurship as a distinct sector of economic development.

The Group actively supports all of the key sectors of green entrepreneurship in response to challenges and requirements relating to climate change. Since 2006, the Group has offered specially designed “green banking” products to support various areas of the environmental and renewable energy business sectors. The areas actively promoted by the Bank since 2009 are renewable energy sources, energy saving, proper water and waste management, organic farming, agro-tourism, eco-tourism, green transport and green chemistry.

As at 30 June 2018, approved credit limits stood at €1.8 billion and loans and advances to customers’ balances in relation to these business sectors stood at €0.9 billion, while at 31 December 2017, the respective figures stood at over €1.8 billion and €1.0 billion and at 31 December 2016 they were €1.7 billion and €1.1 billion respectively.

6.2.5. *Agricultural Banking*

Piraeus Bank, as the leading bank of the agricultural sector, has strategically chosen an integrated approach to providing banking services and financing throughout the agrifood sector, encouraging the creation of synergies and supporting the whole supply chain, from the producer and suppliers of goods and services to the businesses and the cooperatives that process, trade and export the agricultural produce. Piraeus Bank provides targeted financing and quality services of high added value to every link of the chain as well as solutions to all its customers.

With the main objective of serving the needs of the rural world and providing high quality products and services, the Bank continues to support this primary sector of the Greek economy and to prioritise its development. As at 30 June 2018 total financing facility to the agricultural sector, such as farmers and cooperatives, stood at €1.5 billion.

6.2.6. *ETVA Industrial Parks S.A.*

ETVA Industrial Parks SA was founded in 2003 following the carve-out of the industrial parks sector from ETVAbank during its acquisition from Piraeus Bank Group. Piraeus Bank Group has a 65 per cent. participation and the Greek State holds a 35 per cent. participation in the company.

The company’s main scope of activity is the design, development and use and management of Industrial Areas (industrial areas (**VIPE**) - industrial and entrepreneurial areas (**VEPE**) - small business park (**VIOPA**)) and business parks (**EP**).

ETVA Industrial Parks SA currently operates 26 industrial and business parks servicing 2,200 businesses from 50 different sectors, with over 30,000 employees.

In addition to organising and managing industrial areas as a facility manager, ETVA VIPE also manages construction projects, designs development and other programmes of private or wider public interest, provides energy-related services, and conducts financial and technical feasibility studies for investment plans

6.2.7. *Investment Banking*

Piraeus Bank has a significant presence in the capital markets of Greece and has acquired a large share of the securities underwriting market. Piraeus Bank is one of the leading advisory institutions on initial public offerings and among the major underwriters in the Greek market. Piraeus Bank has also developed a strong presence in the areas of syndicated loan arrangements and bond issuances and offers consulting services for capital restructuring, company valuation, mergers and acquisitions and special financing for corporate clients.

Piraeus Bank and certain subsidiaries offer a wide range of capital markets and advisory services, including corporate finance advisory services, underwriting, equity and debt financing, stock brokerage, custodian services and wealth management. Piraeus Bank is also active in derivatives transactions in all major international capital markets.

In 2017, the Bank continued to participate in projects such as privatisations, mergers and acquisitions and capital increases, etc. Specifically, in 2017 in its capacity as financial advisor to the Hellenic Republic Asset Development Fund (**HRADF**), Piraeus Bank successfully completed the most significant privatisation in the country, the sale of Thessaloniki Port Authority SA. In addition, in 2017, in its capacity as financial advisor to the HRADF, Piraeus Bank successfully completed the updated strategy for the development and utilisation of ten ports. At the same time, in 2017 the Bank took on the project of selling HRADF's participation in OTE SA, as well as the strategic development plan for HRADF's participation in DEPA SA. The Bank continues to act as HRADF's financial adviser on other major privatisation projects, such as the utilisation of the grounds of the former Athens Airport (Ellinikon) and the development of real estate in the Afandou region in Rhodes.

In the private sector, Piraeus Bank was among the underwriters in all bond issuances made by Greek companies (OPAP SA, Systems Sunlight SA, Terna Energy and Mytilineos Holdings SA), with bonds listed on the ATHEX. Piraeus Bank also ranked first in advisory services to acquirer or to the board of directors of acquired companies in public offerings for the ATHEX in 2017 (Trastor REIC, Galaxidi Marine Farm S.A., Nikas SA, Grivalia Properties REIC, Athena SA)..

6.2.8. *Piraeus Securities S.A.*

Piraeus Securities S.A. is the Group's brokerage arm and, upon its establishment in 1990, was one of the first securities firms to become a member of the ATHEX. The main activities of Piraeus Securities S.A. include intermediation services for the purchase and sale of Greek and foreign shares, derivative products and government and corporate bonds, provision of credit for margin accounts and processing stock market transactions. Through the fully renovated online trading platform, Piraeus Securities S.A. offers fast and secure online transactions for private investors in Greece and abroad.

Piraeus Securities S.A. was the first brokerage firm to trade in derivative products in Greece. Its market making division is one of the most active in the Greek market, holding one of the top positions in the relevant rankings.

The international markets division offers specialised investment services that cover the needs of investors on an international scale, providing access to more than 40 stock exchanges worldwide.

In 2017, Piraeus Securities S.A. once again participated in key capital market developments, strengthening its position across the spectrum of brokerage services; in trading on ATHEX and international stock exchanges, in bond trading, in research and analysis and in trading derivatives. In particular, once again, the Group ranked amongst the top performers in terms of trading, with a market share of 10.1 per cent (Source: ATHEX Group).

6.3. Piraeus Financial Markets (PFM)

Piraeus Financial Markets (**PFM**) is responsible for the effective management of the Group's liquidity in order to optimise the financing of the Group's operations.

At the same time, after the operational consolidation of the divisions specialising in the money and capital markets, PFM is the central service hub for institutional and private banking customers providing investment products and services to the Bank's customers. As a result, the Bank benefits from the maximum use of synergies and economies of scale, as well as offering a holistic approach to customers.

PFM constitutes the basic point of access for the Bank's customers to the international money and capital markets, offering amongst other things, specialised asset-liability management solutions and risk hedging solutions, at a competitive price.

In the context of actions for enhancing and supporting investment-related activities, and in the light of particular events in the domestic and international environment, projects were carried out related to business planning, expanding the range of products and services offered, upgrading the existing or creating new IT systems, reviewing internal processes to comply with the institutional and regulatory requirements.

Piraeus Asset Management Mutual Funds S.A. (**Piraeus AEDAK**) continued to pursue its objectives consistently and successfully in 2017, achieving strong returns on its investment portfolios, providing high value services to its customers and investing in the development of its staff and infrastructure. The total mutual funds under management amounted to €1.2 billion as at 30 June 2018 from €1.1 billion as at 31 December 2017 and €750 million as at 30 December 2016.

During 2018 Piraeus AEDAK was awarded second position in the category of the best mutual fund management company in Greece for 2017, from Extel.

Piraeus Asset Management Europe, a Luxembourg-based subsidiary of the Group, manages seven Piraeus sub-funds under the umbrella of 'Piraeus Invest' with assets under management of around €150 million as at 30 June 2018. Mutual funds received high ratings in the evaluation system of Morningstar Rating TM, one of the biggest independent rating agencies. Fund managers were rated and publicised by Citywire.

In March 2018, Piraeus AEDAK perceiving financial and regulatory changes in the market, launched share classes of retail, institutional, private banking for all funds under management, offering its clientele a wide range of products.

At the same time, Piraeus AEDAK managed to further consolidate its position in the demanding market of institutional investors by expanding its customer base and increasing the asset portfolios under management, which amounted to €626 million at 30 June 2018 from €548 million at 31 December 2017 and €365 million at 31 December 2016. All institutional portfolios managed by the company recorded positive absolute returns and significantly over-performed against their benchmarks.

6.4. PLU

6.4.1. *Non-Core Business & Restructuring Portfolio*

One of the major pillars of the strategic plan Agenda 2020 is the management of the Bank's troubled portfolio. In 2017, the RBU of the PLU, capitalising on its high-performance operating model, invested in the improvement of:

- (i) the efficiency of recovery actions;
- (ii) the provision of viable restructurings to individuals and businesses; and
- (iii) the exploitation of the new legal framework, so as to sell troubled loans.

6.4.2. *Forbearance and Restructuring Portfolio*

The RBU manages loans in arrears, aiming to find the appropriate viable restructuring solution for each borrower, to ensure fair treatment of all borrowers and to maximise value for the Group. Models tailored to the type of borrower are used towards this goal, such as "decision trees", pilot measurements and assessment of results on selected samples of the portfolios and appropriate processes and forbearance types are applied according to the number of days in arrears and the risk undertaken.

6.4.3. *International Operations and Non-core Assets*

Piraeus Bank Group is in the process of deleveraging its international activities and non-core assets, in line with the Bank's commitment in the Restructuring Plan approved by European Commission's Directorate-General for Competition and in the strategic plan Agenda 2020. In this regard, the sale of Piraeus Bank Egypt to Al Ahli Bank of Kuwait KSCP took place in November 2015, and in December 2016 the recapitalisation of Piraeus Bank Cyprus Ltd by Holding M. Sehnaoui SAL and a number of investors occurred. In 2017, sale agreements were signed for the subsidiary Banks in Romania and Serbia, as well as Hellenic Seaways and AVIS, and in 2018 a sale agreement was signed for Tirana Bank. In the first half of 2018 the sales of Piraeus Bank Beograd, Piraeus Bank Romania and AVIS were completed. Furthermore, as of June 2018 Piraeus Bank Bulgaria and Tirana Bank have been classified as discontinued.

6.4.3.1. *Continuing International Operations*

Piraeus Group has international presence in three countries, two of which are EU Members (Germany and the UK) and the other is a non-EU Member (Ukraine). Apart from the banks operating in these countries, Piraeus Group has subsidiaries, which offer specialised financial services (leasing, insurance and investment services and real estate), however it is noted that their activities are downsizing in line with the Group's restructuring plan commitments for international de-leveraging and focus on core banking business.

The table below provides information on loans and advances to customers, deposits due to customers, branches and employees for the Group's international operations as at 30 June 2018, 31 December 2017 and 31 December 2016.

International Operations (€ in millions)	As at 30 June	As at 31 December	
	2018	2017	2016
Loans and advances to customers.....	1,126	2,030	3,650
Deposits due to customers	199	1,826	3,043
Branches	20	133	261
Employees	469	1,862	3,583

JSC Piraeus Bank ICB

Piraeus Bank began activities in the Ukraine in late 2007 with the acquisition of the local bank International Commerce Bank ICB. As at each of 30 June 2018 and 31 December 2017, the network of JSC Piraeus Bank ICB included 18 branches across the country.

Piraeus Bank's operations in Ukraine are declining, as fiscal and political instability in the country impose the need to reduce size and shift from traditional retail banking to alternative service channels, offering high quality services to customers. Despite this, JSC Piraeus Bank ICB managed to be profitable after taxes in the year ended 31 December 2017.

Loans and advances to customers before allowance for impairment on loans and advances to customers amounted to €50 million as at 30 June 2018, to €62 million as at 31 December 2017 and to €70 million as at 31 December 2016. As at 30 June 2018, deposits due to customers amounted to €51 million. Deposits due to customers were €53 million as at 31 December 2017 from €60 million as at 31 December 2016.

Piraeus Bank Branch – London

Piraeus Bank has had a presence in London since 1999. The London branch specialises in:

- personal banking and the provision of specialised deposit products;
- provision of mortgage loans to Greek and British nationals residing in the UK who are mainly interested in acquiring real estate property in Greece, Great Britain and other countries where Piraeus Bank Group is present; and
- supporting the operations of Piraeus Bank and its subsidiaries.

As at 30 June 2018, deposits due to customers for the London Branch were €19 million while loans and advances to customers before allowance for loan losses amounted to €949 million.

Piraeus Bank Branch – Frankfurt

The Frankfurt branch was integrated into the Piraeus Bank Group after the first half of 2012, with the acquisition of the “healthy” part of the former ATEBank. The Frankfurt branch represents the only presence of a Greek bank in Germany and it is regulated by the German regulatory authorities as an autonomous business unit. The branch offers deposit products, web banking, letters of guarantee, domestic and foreign payments and remittances, while focusing on attracting deposits from Greek customers.

As at 30 June 2018, deposits due to customers for the Frankfurt branch were €129 million while loans and advances to customers before allowance for loan losses amounted to €32 million.

6.4.3.2. *Non-core Assets*

Picar S.A.

The company has undertaken the development and use of the 65,000 m² City Link complex until 2027. The City Link complex, managed by Picar S.A., covers the building block between Stadiou, Voukourestiou, Panepistimiou and Amerikis streets in the centre of Athens. City Link is home to Piraeus Bank's headquarters, which occupy an area of 13,000 m², to the Attica Department Store, which covers an area of 27,360 m², and to various fully renovated department stores, theatres and restaurants. Picar S.A. also has a 5.9 per cent. ownership stake in Attica Department Stores S.A., which is active in managing and operating the multi brand store Attica in Athens, Attica Golden in Maroussi and Attica Mediterranean Cosmos in Thessaloniki.

Piraeus Real Estate S.A.

Piraeus Real Estate S.A. provides a full range of real estate design, development and management services. The company's main field of activity includes property appraisals, property management and sales management, project management and monitoring, project and facility management and investment advisory services. Additionally, the company provides consulting services and specialised know-how for the development and management of the Group's real estate portfolio.

7. **Risk Management**

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

The Board of Directors has full responsibility for the development and supervision of the risk management framework. The following internal structure and organisation contributes to the Group's risk planning, monitoring, management and the assessment of capital adequacy in reference to the level and type of risks undertaken.

The Risk Management Committee (**RMC**), appointed by the Board of Directors in accordance with Bank of Greece's Act 2577/2006, with a mandate to effectively manage all types of risks arising from the Group activities and ensure a consistent and uniform assessment and a specialised treatment thereof, as well as to coordinate operations on a Bank and Group level. The RMC is responsible for the clear definition of the risk management strategy and risk appetite. The RMC convenes, upon its Chairman's invitation, as many times as is considered necessary in order to accomplish its mission, but not less than once a month. Each member of the Committee may request the convocation of the RMC in writing for the discussion of specific issues.

The Asset-Liability Management Committee (**ALCO**), is responsible for implementing the strategic development of Group assets and liabilities, depending on the specific qualitative and quantitative data and developments in the business environment, to ensure high competitiveness and profitability, while maintaining the business risks undertaken at predetermined levels. The ALCO convenes at least monthly and examines market developments in conjunction with the financial risk exposures of the Group.

Since 2011 emphasis has remained on matters of liquidity management, with the aim of securing sufficient liquidity for the Group, given the extremely adverse conditions in the Greek and international markets.

Piraeus Group reviews the adequacy and effectiveness of the risk management framework on an annual basis, so as to respond to market dynamics, changes in products offered and the recommended international practices.

Group Risk Management is an independent administrative unit in relation to units of the Bank which have executive responsibilities, or responsibilities for making and accounting for transactions, and carries out the responsibilities of the Risk Management and Credit Risk Control Unit in accordance with the Bank of Greece's Act No 2577/2006 and CRD IV. Group Risk Management is responsible for the design, specification and implementation of the Bank's policies on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of Bank activities for all types of risks. The Group's Chief Risk Officer (**CRO**) supervises Group Risk Management. For issues of responsibility he reports to the Chief Executive Officer (**CEO**) and to the Risk Management Committee and/or through it, to the Bank's Board of Directors.

The Board of Directors appoints the CRO upon the recommendation of the Risk Management Committee and his appointment or replacement following the approval of the Risk Management Committee is communicated to the Bank of Greece. Group Risk Management is subject to review by the Group Internal Audit as to adequacy and effectiveness of risk management procedures.

Group Risk Management is composed of the following units: Credit Risk Management, Capital Management, Operational, Market and Liquidity Risk Management, Group Risk Coordination and Corporate Credit Control. The Group Risk Coordination is responsible for the coordination and harmonisation of the risk management framework, whereas the Corporate Credit Control Unit independently assesses the quality and risk characteristics of the Group's business lending portfolio, by performing credit reviews on a sample basis, analysing the underwriting decision-making process and the ongoing portfolio management practices.

The Group has in place an officially approved Risk and Capital Strategy, which includes a Risk Appetite Framework. The Risk and Capital Strategy of the Group takes into consideration current conditions and Group commitments, provides guidelines and sets the basis for the definition and formation of a broad risk management culture, in line with the strategic plans with respect to supervisory expectations.

Group Risk Management systematically monitors the below mentioned risks resulting from the use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

7.1. Credit Risk Management

The Group engages in activities that can expose it to credit risk. Credit risk is defined as the potential risk of realising financial losses stemming from the possibility that counterparties fail to meet their contractual/transactional obligations. Credit risk is the most significant risk for the Group and therefore its effective monitoring and persistent management constitutes a top priority for senior management.

The Group's exposure to credit risk mainly arises from corporate and retail credit, various investments, OTC transactions, derivatives transactions as well as from transaction settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the debtor's financial condition, the amount/type/duration of the relevant exposure and the

existence of collateral and guarantees, which Piraeus Bank may not be able to assess with accuracy at the time it undertakes the relevant activity.

The implementation of the credit policy, that describes the principles of credit risk management of the Group, ensures effective and uniform credit risk monitoring and control. Piraeus Group applies a uniform policy and practice with respect to credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/or renewed at least annually and the responsible approval authorities are determined based on the size and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (the one obligor principle).

7.2. Credit Risk Measurement and Monitoring

Reliable credit risk measurement is a top priority within the Group's risk management framework. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is essential in order to efficiently support management and the business units in relation to decision making, policy formulation and the compliance with supervisory requirements.

Borrowers are rated when their credit limit is initially determined and thereafter re-rated on at least an annual basis. The ratings are also updated in cases when there is available information that may have a significant impact on the level of credit risk. The Group regularly tests the predictive capability of the creditworthiness evaluation and rating models, thus ensuring its potential of accurately depicting credit risk and allowing for the timely implementation of measures addressing potential problems.

All corporate credit customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with a specific customer relationship policy.

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the Retail Banking portfolio covering different stages of the credit cycle. For the measurement and evaluation of credit risk entailed in debt securities, ratings from external agencies are mainly applied. The amount of the Group's exposure to credit risk from debt securities and other bills is monitored for each portfolio category.

7.2.1. Credit Risk Stress-Testing Exercises

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

7.3. Credit Risk Mitigating Techniques

Piraeus Group sets credit limits in order to manage and control its credit risk exposures and concentration risk and define the maximum acceptable level of risk undertaken. Credit limits define the maximum acceptable level of undertaken risk per counterparty, group of counterparties, credit rating, product, sector of economic activity and country. Additionally, limits are set and applied against exposures to financial institutions. The Group's total exposure to credit risk, including financial institutions, is further controlled by the application of sub-limits that address on and off-balance sheet exposures.

In order to set customer limits, the Group takes into consideration any collateral or security provided, which reduces the level of risk assumed. The Group categorises the risk of credits into risk classes, based on the type of collateral/security associated and their liquidation potential. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. In the Group, no credit is approved by one sole person since the procedure regularly requires the approval of a minimum of three authorised officers, with the exception of consumer loans and credit cards, with the pre-requisite that all criteria set in the credit policy are met. Approval authorities are designated based on the level of risk exposure and their role in contributing to the quality of the Group's total credit portfolio is particularly significant.

Credit limits are set with an effective duration of up to twelve months and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than twelve months. The outstanding balances along with their corresponding limits are monitored on a daily basis and any limit excesses are reported in a timely manner and dealt with accordingly.

7.4. *Liquidity Risk Management*

Liquidity risk management is associated with the Bank's ability to maintain adequate liquidity positions in order to meet its financial obligations promptly and without losses. In order to manage this risk, current and future liquidity requirements are monitored thoroughly, along with the respective needs for funding, depending on the projected maturity of outstanding transactions. In general, liquidity management is a process of balancing cash flows within time bands, so that, under normal conditions, the Group may meet all its financial obligations as they become due.

All Group units have applied a uniform liquidity risk management policy for the effective management of liquidity risk. This policy is consistent with the globally applied practices and supervisory regulations, and adapted to the individual activities and structures of the Piraeus Bank Group. The liquidity risk management framework of the Piraeus Bank Group includes policies, methodologies and procedures, as well as specified roles and responsibilities of parties involved.

Since November 2014, the Piraeus Bank Group has been supervised by the SSM of the ECB, in collaboration with the Bank of Greece and submits a wide range of regulatory reporting on a regular and periodic basis.

The Group calculates its Liquidity Coverage Ratio and Net Stable Funding Ratio, on a monthly and quarterly basis respectively, according to the CRR in implementation of Basel III at European level and the European supervisory framework harmonisation (Single Rulebook). However, the Liquidity Coverage Ratio is not considered an appropriate liquidity risk ratio for credit institutions receiving funding through the ELA.

Under CRD IV, credit institutions are required to have comprehensive policies, procedures and systems to ensure adequate monitoring of liquidity risk. In accordance with the aforementioned Directive, the Group submitted to the SSM, the 'Report on the Internal Liquidity Adequacy Assessment Processes' (**ILAAP**) in years 2016 and 2017. This report contains the rules governing the management of liquidity risk and the main results of current and future bank liquidity position evaluation. In addition, within the framework of the Internal Capital Adequacy Assessment Process (**ICAAP**) and ILAAP procedures, Piraeus Bank examined stress test scenarios, and assessed their impact on the liquidity position and on the mandatory liquidity ratios.

In addition, during 2017 the Group participated in the ECB's Short Term Exercise and submitted Additional Liquidity Monitoring Metrics reports on a monthly basis and provided an updated Recovery Plan and LCR Restoration Plan Review on a periodic basis to the SSM.

During the year 2017 the Group reduced its Central Bank funding reliance through the sale of its EFSF and ESM bonds portfolio and by expanding the rest of its funding sources, namely by increasing its customer deposits, drawing funds from the market through the issuance of a new covered bond series and by furthering its activity in the interbank repo market on the back of non-ECB eligible collateral.

The Group's customer deposits increased during 2017 by €0.3 billion, recording a positive trend since May and throughout the rest of the year, reaching a total balance of €42.6 billion at 31 December 2017, in comparison to €42.2 billion at 31 December 2016. It should be noted that the 31 December 2017 deposits balance has been adjusted downwards as Romanian and Serbian operations have been classified as discontinued (€1.2 billion deposits adjustment in total).

In 2017, the Group carried out a deleveraging of its assets through the sale of its EFSF and ESM bond portfolio of €11.7 billion by participating in the ECB's repurchase programme of securities issued by European supranational euro-area agencies.

The aforementioned bond balances reduction led to the reduction of the Group's interbank repos on the back of EFSF bonds by €5.8 billion (the elimination of EFSF repo balances in the year ending 2017). Simultaneously, during the same year the Group furthered its activity in the interbank repo market on the back of non-ECB eligible collateral by €1.3 billion, giving year end 2017 balances of €1.4 billion, of which €1.3 billion repo transactions were on the back of the Bank's own securitisation and covered bond issues and €58.2 million were on the back of Greek government treasury bills. Overall, funding drawn through the interbank repo market was reduced in 2017 by €4.5 billion, reaching year end balances of €1.4 billion (2016: €5.9 billion).

During the last quarter of 2017 the Bank issued a new series of covered bonds of €500.0 million and raised €370.0 million of funding through private placements in the market, while the remaining €130 million of the issue was retained. The new issue increased Piraeus Bank's long-term funding at a relatively low cost, thereby aiding further its ELA funding reduction effort and the gradual restoration of its money markets access.

All of the changes described above contributed to the reduction of the Group's overall liquidity drawn from central banks (the ECB and ELA). By 31 December 2017 the reduction was €11.2 billion, totalling the amount of Eurosystem funding €9.7 billion at 31 December 2017 compared to €20.9 billion at 31 December 2016. In particular, ELA funding reached €5.7 billion, compared to €11.9 billion at 31 December 2016, while ECB funding reached €4.0 billion, compared to €9.0 billion at 31 December 2016.

As of 30 June 2018, the Bank's Eurosystem funding decreased to €1.8 billion (compared to €15.8 billion as at 30 June 2017), whilst funding provided by the ELA was €0.3 billion (compared to €10.3 billion as at 30 June 2017). ELA funding was then eliminated in mid July 2018. In addition, the long-term funding from the ECB was reduced by €2.5 billion, and amounted at €1.5 billion as at 30 June 2018.

7.5. Market Risk Management

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

The Group has established a market risk limit system which covers all its activities. The adequacy of the system and the limits are reviewed annually.

The Value-at-Risk (**VaR**) measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. The Group implements the parametric Value-at-Risk methodology. Value-at-Risk is measured for the positions in the trading book as well as the available for sale portfolio.

The method employed is considered to produce adequate results in cases where there are no significant non-linear risk factors (such as when there are no large option positions in the portfolio) and the returns on investment follow the normal distribution. The Trading and Available for sale portfolios do not have significant option positions and therefore the current methodology for the VaR estimation is considered as adequate.

Value at Risk of the Trading Portfolio (€ million)

	29 December 2017	31 December 2016
VaR Interest Rate risk	0.19	0.37
VaR Equity Risk	0	0
VaR FX Risk	0.47	0.82
VaR Commodity Risk	0	0
Diversification effect	-0.16	-0.38
Group Trading Book Total VaR	0.50	0.81

7.6. Operational Risk Management

Piraeus Bank Group acknowledges its exposure to operational risk deriving from its daily operation and from the implementation of business and strategic objectives.

The Group aims at the continuous improvement of operational risk management, through the implementation and the ongoing development of an integrated and adequate operational risk management framework that conforms to the best practices in Greece and relevant regulatory requirements.

The operational risk management framework, documented through methodologies and processes, covers the identification, assessment, measurement, mitigation and monitoring of operational risk, across all business activities and supporting functions of the Group, focusing simultaneously on the preventive and corrective mitigation of this risk. Furthermore, it aims at the dissemination of a common and comprehensible approach to the management of this type of risk to all the parties involved. The framework includes the following processes: Risk and Control Self-Assessment, Extreme Scenario Analysis, Key Risk Indicators, Action Plans Monitoring, Loss Collection, Value at Risk and Internal Capital calculation, operational risk appetite framework, operational risk mitigation techniques and internal and external reports.

The operational risk management framework, for which the Group Operational Risk Management unit is responsible for its development and maintenance, is considered as an integral part of the Group risk

management framework, has been approved by the Risk Management Committee, is reviewed on a regular basis and is adjusted according to the Group's total risk exposure and risk appetite.

The operational risk management framework is applied to Piraeus Bank and the Group's subsidiaries in Greece and abroad. It is adjusted according to the size and range of the Bank's and the subsidiaries' activities, as well as any local regulatory requirements. The supervision and coordination of the framework implementation across the Group, as well as of its respective methodologies, is centrally undertaken by the Group Operational Risk Management unit.

The following key projects are currently in progress aiming at the enhancement of the Group Operational Risk Management Framework.

- Group-wide deployment of the operational risk management platform, which was successfully implemented by Piraeus Bank during 2016;
- Redesign and enhancement of operational risk incident and loss collection process;
- Enhancements in operational risk measurement framework enabling more accurate and useful VaR measurements, including risk allocations, based on the capabilities offered by the newly acquired application; and
- Further development of the operational risk control framework, including control effectiveness testing and assessment.

In addition, the following projects, which will contribute to addressing operational risks are also in progress:

- Implementation of Environmental and Social Management System in the Bank and its subsidiaries in Greece and abroad, in order to apply effective environmental and social management practices in all its financing activities, products and services, in line with its Sustainability Policy;
- Enhancement of Information & Communication Technology risk management processes and governance, in line with the regulatory guidelines;
- Implementation of Information Security Risk Assessment methodology, developed by the Group IT Security and Control Office in order to determine the extent of risk associated with the likelihood of a potential threat exploiting a vulnerability on any given informational asset throughout its life cycle; and
- Enhancement of the awareness of Banks personnel regarding information technology and cyber security issues in order to foster a strong cyber security risk culture and build a common understanding on related matters across the Bank.

7.7. *Group Capital Adequacy*

The regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to risks undertaken. The Total Capital Ratio is defined as the ratio of regulatory capital over the total risk exposure amount.

Capital adequacy is monitored by the responsible bodies of the Bank and is submitted quarterly to the supervisory authority, the ECB.

The main objectives of Piraeus Bank Group related to the Group's capital adequacy management are the following:

- Comply with the capital requirements regulation according to the supervisory framework.
- Preserve the Group's ability to continue unhindered its operations.
- Retain a sound and stable capital base supportive of the Bank's management business plans.
- Maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

Piraeus Bank Group applies the following methodologies for the calculation of Pillar I capital requirements:

- the standardised approach for calculating credit risk;
- the mark-to-market method for calculating counterparty credit risk;
- the standardised approach for calculating market risk;
- the standardised approach for calculating credit valuation adjustment risk; and
- the standardised approach for calculating operational risk.

As at 31 December 2017, the Group's CRD IV total capital adequacy ratio stood at 15.10 per cent., equal to the CET-1 Capital Adequacy Ratio and as at 30 June 2018, the Group's CRD IV total capital adequacy ratio stood at 13.6 per cent., again equal to the CET-1 Capital Adequacy Ratio. The amount of deferred tax assets included in the Group's regulatory capital in accordance with the provisions of Article 27A of Greek Law 4172/2013 (as amended from time to time), regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State, amounted to €3,985.4 million as at 30 June 2018 and €4,013.0 million as at 31 December 2017. The Group's fully loaded CET-1 Capital Adequacy Ratio was at 10.2 per cent. at 30 June 2018, compared to 14.3 per cent. at the end of 31 December 2017. The CET-1 phased-in (pro-forma) ratio was 13.97 per cent. as at 30 June 2018.

Following the conclusion of the SREP for the year ended 31 December 2017, the ECB informed the Group of its total capital requirement, valid from 1 January 2018. According to the decision, the Bank has to maintain, on a consolidated basis, an overall capital requirement ratio of 13.625 per cent., which includes: (a) the minimum Pillar I total capital requirements as per Article 92(1) of the CRR; (b) the additional Pillar II capital requirement as per Article 16(2) of Regulation 1024/2013/EU; and (c) the transitional capital conservation buffer of the CRR, which for 2018 is set at 1.25 per cent.

The pro-forma total capital adequacy ratio incorporates the positive effect to risk weighted assets (**RWA**) of selling subsidiaries in Albania and Bulgaria and the two loan portfolios (Amoeba and Arctos), as these transactions has not been concluded by 30 June 2018, nevertheless the effect from their sale has already been taken into account in equity capital. If this positive effect in RWA is not taken into account, the total capital ratio stood at 13.6 per cent., a level that constitutes a marginal breach of the OCR ratio requirement of 13.625

per cent. set by the SSM through the SREP. This marginal OCR breach is considered temporary, as following the completion of the sale of the subsidiaries in Albania and Bulgaria and the two loan portfolios (Amoeba and Arctos), the pro-forma CET-1 ratio will be restored to 13.97 per cent., thus above the OCR ratio. The CET-1 ratio of the Group at a fully loaded basis is estimated at 10.6 per cent taking into account the effect from the sale of the discontinued operations in Albank and Bulgaria and the two loan portfolios sale (Amoeba and Arctos).

8. Analysis of Loan Portfolio

Loans and advances to customers accounted for 66.3 per cent. of the Group's total assets as at 31 December 2017 and 66.7 per cent. as at 30 June 2018. The loan portfolio of the Group is highly diversified across various sectors with loans to individuals (mortgage and consumer credit) comprising 34.3 per cent. of total loans and advances to customers at 31 December 2017 and 36.6 per cent. at 30 June 2018, while loans to medium-sized, large enterprises, shipping and SMEs accounted for 65.7 per cent., as at 31 December 2017 and 63.4 per cent. as at 30 June 2018.

	As at 30 June 2018
Mortgages	25.2%
Consumer	9.1%
Agriculture	2.1%
Manufacturing	10.7%
Energy	2.4%
Commerce and Services	10.7%
Shipping	4.2%
Coastline/Ferries Companies	0.4%
Construction	6.6%
Transport and Logistics	2.3%
Tourism	5.2%
Financial Sector	3.6%
Real Estate Companies	4.0%
Project Finance	2.5%
Other	8.2%
Public Sector	0.4%

The majority of loans granted by the Group are on a floating rate basis, with interest resets mostly at one or three-month refix periods. Out of the total loans and advances to customers before allowances for losses, fixed rate loans amounted to €4,306.1 million (2016: €4,545.7 million) as at 31 December 2017 and floating rate loans amounted to €55,953.9 million (2016: €62,102.7 million).

Loans and Advances to Customers in Euro and Foreign Currencies

As at 31 December 2017, the Group's loans and advances to customers, in currencies other than Euro, amounted to €4,445.9 million (9.9 per cent. of total loans and advances to customers).

	Composition as at 31 December			
	2017		2016	
	Amounts in EUR million	%	Amounts in EUR million	%
Euro	40,274	90.1%	43,938	88.4%
Other Currencies.....	4,446	9.9%	5,770	11.6%
Loans and advances to customers before PPA adjustment.....	<u>44,720</u>	<u>100.0%</u>	<u>49,708</u>	<u>100.0%</u>

Loan Quality

The Group's loans and advances to customers in arrears over 90 days ratio was 35.3 per cent. at 31 December 2017 and 33.1 per cent. as of 30 June 2018. The Group coverage ratio of Non-Performing Loans by allowances for loan losses on loans and advances to customers came to 75.0 per cent. at 31 December 2017 and 80.7 per cent. at 30 June 2018. The particularly high level of allowance for loan losses over loans and advances to customers before allowances for loan losses ratio of the Group should be highlighted, which reached 25.8 per cent. at 31 December 2017 and 26.7 per cent. at 30 June 2018.

The main objective of the Bank's management is to further strengthen the Group's balance sheet. As a result, the Group has recognised a total of €3.5 billion of allowance for loan losses since September 2017, including IFRS 9 FTA impact, while accelerating the process of cleaning up NPEs through the €4.4 billion reduction of NPEs during the same period and increasing the coverage ratio of NPEs to 48.8 per cent. at the end of June 2018, an increase of 3 percentage points on an annual basis.

In parallel, during 2017 and 2018, the Bank has been through supervisory reviews, performing credit file reviews (performed on a loan portfolio of €13.5 billion) and a review of collective provisions (performed on a loan portfolio of €39.2 billion).

	As at 30 June 2018	As at 31 December 2017	As at 31 December 2016
	Amounts in EUR million		
Total Loans and Advances to before allowances for loan losses.....	53,749	60,260	66,648
Non-Performing Loans	17,799	20,721	24,382
Non-Performing Loans Ratio (adjusted for the seasonal loan to OPEKEPE)	33.1%	34.4%	36.4%
Allowances for Loan losses as a percentage of total loans and advances to customers before allowances for loan losses.....	26.7%	25.8%	25.4%
Coverage ratio of Non-Performing Loans by allowances for loan losses on loans and advances to customers.....	80.7%	75.0%	69.5%

9. Analysis of Funding

The Group's deposits due to customers at 30 June 2018 amounted to €42.1 billion, down from €42.7 billion at 31 December 2017. The decrease was driven entirely by the international operations of Bulgaria and Tirana, which were classified as discontinued in Q1 2018. During 2017 deposits due to customers posted a year on year increase of 8.3 per cent., on a like-for-like basis, following further capital controls relaxation in Greece, clearance of state arrears towards private sector providers, as well as Piraeus Bank's targeted product offering and client campaigns. The entire increase was recorded in the second half of the year. Piraeus Bank's deposits due to customers in Greece recorded a €1.6 billion increase in 2017 and amounted to €40.9 billion as at 31 December 2017.

Total Obligations to Customers in Euro and Other Currencies

	Composition as at 31 December			
	2017		2016	
	Amounts in EUR million			
Euro	40,008	93.7%	38,896	91.8%
Other Currencies.....	2,707	6.3%	3,469	8.2%
Total obligations to customers.....	<u>42,715</u>	<u>100.0%</u>	<u>42,365</u>	<u>100.0%</u>

Total Obligations to Customers by Maturity

Amounts in € million	Less than 3 months	More than 3 months and up to 1 year	More than 1 year	Total
As at 31 December 2016	<u>37,195</u>	<u>4,979</u>	<u>191</u>	<u>42,365</u>
As at 31 December 2017	<u>37,091</u>	<u>5,479</u>	<u>145</u>	<u>42,715</u>

Liabilities due to credit institutions totalled €5,558.9 million at 30 June 2018 and €11,435.1 million as at 31 December 2017 compared to €27,020.9 million at 31 December 2016. The Eurosystem stood at €1.8 billion at 30 June 2018 and €9.7 billion at 31 December 2017 from €20.9 billion at 31 December 2016.

10. Technology and Infrastructures

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

Piraeus Bank possesses a state-of-the-art main data centre in Athens and a back-up disaster data centre in Thessaloniki, which were both built according to international standards and specifications. Following the acquisition of ATEbank, it acquired and fully renovated ATEbank's data centre which has been fully operational since May 2013, and in February 2014 it was certified by Uptime Institute as one of the 50 data centres globally meeting Tier 4 standards. In November 2014, a series of crucial and complex projects regarding the integration of Geniki Bank's IT systems into the Bank's IT systems were completed and in July 2015, the Bank successfully completed the integration of the Panellinia branch network into the Bank's IT systems.

The development and improvement of IT systems in 2014 was undertaken in the framework of optimising and integrating infrastructures, processes and systems which are required by the continuously changing business and economic environment, with the aim of achieving economies of scale, increased security, functionality, uniform management by the final user and thus, increased competitiveness for the Bank.

The Bank has received the internationally recognised ISO/IEC 27001 certification for the entire range of security, management and operations of the Group's IT systems (including, more recently, the Group's new

IT Centre in Athens), every year since 2010. The certification covers the broader framework of the design, implementation, management and operation of data processes and security measures and provides additional levels of assurance and confidence to its customers, shareholders and partners.

In the event of a severe problem in the main data centre, the Bank's Disaster Data Centre assures recovery of full functionality within no more than four hours.

In the main data centre in Athens and in the Disaster Data Centre in Thessaloniki, multiple systems have been installed to provide central support to the Bank's subsidiary banks abroad (ATM Switching Base 24, Internet Banking, Antimoney Laundering AML/WLM, Risk Management, Fraud Management, Moody's RMA, Collections, Accounting among others). Piraeus Bank uses one of the most popular central banking systems in the world ("Equation" by MISYS), which is linked online in real time with a complete range of over 40 peripheral systems and applications.

In respect of IT security infrastructure, the Bank has developed an integrated information assets security framework (based on National Institute of Standards and Technology, International Organization for Standardisation (ISO) and Payment Card Industry (PCI) standards) as well as a data protection policy. Moreover, the Bank maintains a data governance framework the main scope of which is to optimise data and information quality and security across the Group. The Group is in compliance with ISO standard 27001:2013, Bank of Greece Governor's Act 2577, PCI DSS v3.2 and the General Data Protection Regulation.

An up-to-date multi-protocol label switching (MPLs) network covers Piraeus Bank's telecommunication requirements in Greece. One of the first networks of its kind to be installed in a Greek bank, it links its branches with the Data Centres via high-speed connections. An Asymmetric Digital Subscriber Line network also exists as back-up support to the MPLs network, and in the event that even this connection is not possible (for example, due to cable outage), a GSM 3G/4G network connection is on standby. To facilitate communication between the parent and its subsidiaries outside of Greece, a central state-of-the-art videoconferencing system has been installed. The Bank has one of the most sophisticated e-banking platforms in Europe, Winbank, which was designed and deployed in cooperation with Microsoft and has won multiple international awards and prizes. The platform uniformly supports all its electronic channels, such as Internet banking, mobile banking, phone banking, SMS banking, easypay.gr, and paycenter, amongst others. Winbank is being used by several of the Bank's subsidiaries abroad.

11. Human Resources

At 30 June 2018, the Group's headcount totalled 12,920 employees in the continuing operations, of which 12,451 were employed in Greece and 499 abroad. The total Group headcount including discontinued operations totalled 15,312 as at 30 June 2016. As of December 2017, the Group's headcount totalled 15,115 employees in the continuing operations, of which 13,253 were employed in Greece and 1,862 abroad.

Among the total Group employees, 59 per cent. are female and 41 per cent. male. The average age of the Group's employees is 42 years. The age distribution of employees is a major advantage for the Group. The age composition favours the introduction and implementation of changes in technology, methods and targets, as 89 per cent. of people are up to 50 years old. At the same time, its highly-trained employees provided invaluable support in offering efficient customer guidance and services in the financially critical year that elapsed. The percentage of employees who are holders of university degrees or/and postgraduate titles reaches 74 per cent. in Greece and 85 per cent. in subsidiaries abroad. 50 per cent. of the Bank's employees are occupied in the bank branches and the other 50 per cent. in the Administration Units. At Group level, it is 48

per cent. and 52 per cent. respectively. Piraeus Bank believes that the quality of its human resources is a key factor in achieving its strategic goals, and sees human resource management as a comprehensive set of actions and operations aimed at acquiring, retaining and utilising skilled employees who successfully and productively fulfil their roles. The Bank also seeks to emphasise the promotion and enhancement of morality, trust, devotion, team spirit and diversity in the workplace. These values ensure equal opportunities in continuous employee development, as well as non-discriminatory practices in the recruitment process through the implementation of well-defined candidate selection systems.

During 2016, a voluntary exit scheme was implemented, with 1,171 people included in the programme by the end of the year, while additional departures in early 2017 increased the participation to 1,230 employees in Greece. A one-off operating cost of €110 million was deducted in the last quarter of 2015 for the personnel voluntary exit scheme. As a result, the Group's headcount for continuing operations at the end of December 2016 was reduced by 6 per cent., while by the end of March 2017, the year on year reduction of the headcount of the Bank stood at 8 per cent. In 2017, the voluntary turnover rate was 3 per cent. for the Group, while at Bank level the respective percentage was less than 1 per cent. of which 71 per cent. were male and 29 per cent. female. In February 2018, the Group announced a new voluntary exit scheme for its employees, as part of Management's execution of the "Agenda 2020" strategic plan through cost efficiency measures with a total cost of €132.0 million for the Group and €125.8 million for the Bank, respectively. Approximately 1,200 employees applied and are gradually exiting while the percentage of the voluntary exits was 0.08 per cent, at the same level as the previous year.

12. Subsidiaries and Associates

Piraeus Bank Group subsidiaries that were fully consolidated as at 30 June 2018 are illustrated in the table below:

<u>Subsidiary companies from continuing operations</u>	<u>Direct and Indirect participation</u>
Piraeus Leasing S.A.	100.00%
Piraeus Financial Leases S.A.	100.00%
Geniki Financial & Consulting Services S.A.	100.00%
Piraeus Securities S.A.	100.00%
Piraeus Factoring S.A.	100.00%
Piraeus Capital Management S.A.	100.00%
Piraeus Jeremie Technology Catalyst Management S.A.	100.00%
Hellenic Fund for Sustainable Development	65.00%
ETVA Fund Management S.A.	65.00%
Piraeus Asset Management S.A.	100.00%
Piraeus Insurance & Reinsurance Brokerage S.A.	100.00%
Piraeus Insurance Agency S.A.	100.00%
Geniki Information S.A.	100.00%
DI.VI.PA.KA S.A.	57.53%
ETVA Development S.A.	65.00%
ETVA Industrial Parks S.A.	65.00%
Piraeus Green Investments S.A.	100.00%
Abies S.A.	61.65%
Achaia Clauss Estate S.A.	75.37%

	Direct and Indirect participation
<u>Subsidiary companies from continuing operations</u>	
Euroterra S.A.	62.90%
Kosmopolis A' Shopping Centers S.A.	100.00%
Linklife Food & Entertainment Hall S.A.	100.00%
ND Development S.A.	100.00%
New Up Dating Development Real Estate and Tourism S.A.	100.00%
Picar S.A.	100.00%
Property Horizon S.A.	100.00%
Rebikat S.A.	61.92%
General Construction and Development Co. S.A.	66.66%
Entropia Ktimatiki S.A.	66.70%
Euroak S.A. Real Estate	53.60%
Komotini Real Estate Development S.A.	100.00%
Piraeus Buildings S.A.	100.00%
Piraeus Development S.A.	100.00%
Piraeus Real Estate S.A.	100.00%
Pleiades Estate S.A.	100.00%
A.C.T. B.A.S. S.A.	100.00%
KPM Energy S.A.	80.00%
Mille Fin S.A.	100.00%
Multicollection S.A.	51.00%
Piraeus Direct Solutions S.A.	100.00%
Special Financial Solutions S.A.	100.00%
Zibeno I Energy S.A.	83.00%
Centre of Sustainable Entrepreneurship Excelixi S.A.	100.00%
PROSPECT N.E.P.A.	100.00%
Anemos Ipirou Anonymi Energeiaki Etaireia	100.00%
Aioliki Mbeleheri S.A.	100.00%
Aiolikon Parko Artas E.E.	100.00%
Aiolikon Parko Evritanias Morforahi E.E.	100.00%
Aiolikon Parko Evritanias Ouranos E.E.	100.00%
DMX Aioliki Marmariou – Agathi LLP	100.00%
DMX Aioliki Marmariou – Rigani LLP	100.00%
DMX Aioliko Parko Rodopi 2 E.E.	100.00%
Tirana Leasing Sh. A.	100.00%
Cielo Consultancy Sh.P.K.	99.09%
Edificio Enterprise Sh.P.K.	99.09%
Tierra Projects Sh.P.K.	99.09%
Piraeus Real Estate Tirana Sh.P.K	100.00%
Piraeus Insurance Brokerage EOOD	99.98%
Beta Asset Management EOOD	99.98%
Bulfina E.A.D.	100.00%
Bulfinace E.A.D	100.00%
Delta Asset Management EOOD	99.98%
Gama Asset Management EOOD	99.98%
Piraeus Real Estate Bulgaria EOOD	100.00%
Varna Asset Management EOOD	99.98%

<u>Subsidiary companies from continuing operations</u>	<u>Direct and Indirect participation</u>
Asset Management Bulgaria EOOD	99.98%
Besticar Bulgaria EOOD	99.98%
Besticar EOOD	99.98%
Emerald Investments FOOD	99.98%
Piraeus Equity Investment Management Ltd	100.00%
Arigeo Energy Holdings Ltd	100.00%
Besticar Limited	99.98%
Euroinvestment & Finance Public Ltd	90.85%
Piraeus Clean Energy Holdings Ltd	100.00%
Piraeus Equity Partners Ltd.	100.00%
Piraeus Renewable Investments Limited	100.00%
PRI WIND I Limited	100.00%
PRI WIND II Limited	100.00%
PRI WIND III Limited	100.00%
R.E. Anodus Two Ltd	99.09%
Tellurion Ltd	100.00%
Tellurion Two Ltd	99.09%
Trieris Two Real Estate Ltd	100.00%
Zibeno Investments Ltd	83.00%
O.F. Investments Ltd	100.00%
R.E Anodus Ltd	100.00%
Lakkos Mikelli Real Estate LTD	50.66%
Philoktimatiki Public LTD	53.29%
Piraeus Clean Energy GP Ltd	100.00%
Piraeus Equity Advisors Ltd.	100.00%
Sunholdings Properties Company Ltd	26.65%
Philoktimatiki Ergoliptiki Ltd	53.29%
WH South Wind Hellas Ltd	100.00%
Emadiero Solar Energy & Investments Ltd	100.00%
Josharton Ltd	100.00%
JSC Piraeus Bank ICB	99.99%
Akinita Ukraine LLC	100.00%
Sinitem LLC	99.94%
Solum Enterprise LLC	99.94%
Solum Limited Liability Company	99.94%
Piraeus Leasing Romania S.A.	100.00%
Alecsandri Estates SRL	74.32%
Daphne Real Estate Consultancy SRL	99.09%
Priam Business Consultancy SRL	99.18%
Proiect Season Residence SRL	100.00%
R.E. Anodus SRL	99.09%
Rhesus Development Projects SRL	99.09%
General Business Management Investitii S.R.L.	100.00%
Piraeus Real Estate Consultants S.R.L.	100.00%
Piraeus Rent Doo Beograd	100.00%
Piraeus Real Estate Egypt LLC	100.00%

	Direct and Indirect participation
<u>Subsidiary companies from continuing operations</u>	
Piraeus FI Holding Ltd	100.00%
Trieris Real Estate Management Ltd	100.00%
Piraeus Master GP Holding Ltd	100.00%
Marathon 1 Greenvale Rd LLC	99.95%
Piraeus Group Capital Ltd	100.00%
Piraeus Group Finance PLC.	100.00%
Axia Finance III PLC	—
Axia Finance PLC	—
Axia III APC LIMITED	—
Estia Mortgage Finance PLC	—
Estia Mortgage Finance II PLC	—
Kion Mortgage Finance PLC	—
Praxis I Finance PLC	—
Praxis II APC LIMITED	—
Praxis II Finance PLC	—
Capital Investments & Finance S.A.	100.00%
Piraeus Asset Management Europe S.A.	100.00%
Vitria Investments S.A.	100.00%

Estia Mortgage Finance PLC, Estia Mortgage Finance II PLC, Axia Finance PLC, Praxis I Finance PLC, Axia Finance III PLC, Praxis II Finance PLC, Axia III APC LIMITED, Praxis II APC LIMITED and Kion Mortgage Finance PLC, are special purpose vehicles for securitisation of loans and advances to customers and issuance of debt securities. Sunholdings Properties Company LTD although presenting less than 50 per cent. holding percentage, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Also, as at 30 June 2018 the companies Piraeus Green Investments S.A., Piraeus Buildings S.A., Mille Fin S.A., Capital Investments & Finance S.A., Vitria Investments S.A., Multicollection S.A., Tirana Leasing Sh.A., Edificio Enterprise Sh.P.K., Tierra Projects Sh.P.K., Piraeus Equity Investment Management Ltd, Besticar Limited, Piraeus FI Holding Ltd and Piraeus Master GP Holding Ltd were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) "Hellenic Information Systems HIS S.A.", b) "The Museum Ltd", c) "Piraeus Bank Group Cultural Foundation", d) "Procas Holding Ltd", e) "Phoebe Investments SRL", f) "Torborg Maritime Inc.", g) "Isham Marine Corp h) "Axia III Holdings Ltd.", i) "Praxis II Holdings Ltd", and j) "Kion Holdings Ltd." The consolidation of the above mentioned companies would not have a significant effect on the statement of financial position and income statement of the Group, based on its latest available financial information.

	Direct and Indirect participation
<u>Subsidiaries from discontinued operations</u>	
IMITHEA S.A.	100.00%
Tirana Bank I.B.C. S.A.	98.83%
Piraeus Bank Bulgaria A.D.	99.98%

As at 30 June 2018, Piraeus Bank Group associate companies, which are consolidated using the equity method, are presented in the following table which is included in the consolidated interim financial information for the period ended 30 June 2018:

Associate companies from continuing operations	Activity	Direct and Indirect participation
Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%
Evros' Development Company S.A.	European community programs management	30.00%
APE Commercial Property Real Estate Tourist and Development S.A.	Holding Company	27.80%
APE Fixed Assets Real Estate Tourist & Development S.A.	Real estate, development/tourist services	27.80%
Trieris Real Estate LTD	Property management	32.37%
APE Investment Property S.A.	Real estate, development/ tourist services	28.92%
Sciens International Investments & Holding S.A.	Holding company	28.10%
Exodus S.A.	Information technology & software	49.90%
Piraeus - TANE0 Capital Fund	Close end Venture capital fund	50.01%
Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%
PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%
Pyrrichos S.A.	Property management	50.77%
Gaia S.A.	Software services	26.00%
Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	32.27%
Exus Software Ltd	IT products retailer	49.90%
Marfin Investment Group Holdings S.A.	Holding Company	31.64%
Selonda Aquaculture S.A.	Fish farming	32.92%
Nireus Aquaculture S.A.,	Fish farming	32.23%
Piraeus Direct Services S.A	Support and e-commerce services, trade of time renewal cards	49.90%
Trastor Real Estate Investment Company	Real estate investment property	39.39%
Unisoft S.A	Software manufacturer	23.07%

Joint Ventures	Activity	Direct and Indirect participation
AEP ELAIONA S.A.	Property management	50.00%

Piraeus – TANE Capital Fund is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions. Pyrrichos S.A. is included in the associate companies portfolio as Piraeus Bank Group exercises significant influence and not control. The changes in the portfolio of consolidated companies are presented in note 24 "Changes in the portfolio of consolidated companies" of the 2018 Interim Financial Information included in the 2018 Mid Year Financial Report incorporated by reference herein.

The associate company "Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation under the equity method of accounting, since it is under idle status. The consolidation of this company would not have a significant effect on the statement of financial position and income statement, based on its latest available financial information. Furthermore, the financial data of the associate company NGP Plastic S.A. is not available due to the aforementioned company's inability to produce such financial data.

As at 31 December 2017, the Piraeus Bank Group associate companies and joint ventures, which are consolidated using the equity method, are presented in the following table which is included in the annual consolidated financial statements for the year 2017:

Associate company	Activity	Direct and Indirect Participation as at 31 December 2017	Total Equity as at 31 December 2017 (amounts in thousand €)	Profit Before Tax 2017 for the year ended (amounts in thousand €)
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Scientific and technology park management	30.45%	143	(24)
EVROS' DEVELOPMENT COMPANY S.A.	European community programs management	30.00%	3	(5)
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Holding company	27.80%	22,031	(17,233)
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Real estate, development/ tourist services	27.80%	43,545	(163)
TRIERIS REAL ESTATE LTD	Property management	32.37%	17,197	(5,480)
APE INVESTMENT PROPERTY S.A.	Real estate, development/ tourist services	28.92%	64,339	(63,573)

SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Holding company	28.10%	24,455	(65,206)
EXODUS S.A.	Information technology & software	49.90%	2,134	31
PIRAEUS - TANEOS CAPITAL FUND	Close end Venture capital fund	50.01%	4,258	(280)
TEIRESIAS S.A.	Inter banking company of development, operation and management of information systems	23.53%	632	(491)
P J TECH CATALYST FUND	Close end Venture capital fund	30.00%	10,076	(247)
PYRRICHOS S.A.	Property management	50.77%	(9,604)	(121)
HELLENIC SEAWAYS MARITIME S.A.	Maritime transport – Coastal shipping	43.48%	88,789	9,540
Gaia S.A.	Software services	26.00%	4,254	116
Olganos S.A.	Property management/electricity production from hydropower stations	32.27%	589	(665)
Exus Software Ltd	IT products retailer	49.90%	418	8
Marfin Investment Group Holding S.A	Holding Company	31.67%	*	*
Trastor Real Estate Investment Company	Real estate investment property	39.39%	79,606	604
Unisoft S.A.	Software manufacturer	23.07%	(28,261)	(952)
Selonda Aquaculture S.A	Fish farming	32.92%	*	*
Nireus Aquaculture S.A	Fish farming	32.23%	*	*
AEP ELAIONA S.A.	Property management	50.00%	1,333	(1,940)

(*) Upon the approval of the Bank's audited consolidated financial statements, the listed associated companies Marfin Investment Group Holdings S.A. and Selonda Aquaculture S.A. and Nireus Aquaculture S.A. had not published their annual financial statements for the year 2017. According to stock market prices of 31 December 2017, the fair value of the Group's shareholding to associate listed companies is as follows: Marfin Investment Group Holdings S.A. €36.9 million, Selonda Aquaculture S.A. €14.5 million and Nireus Aquaculture S.A. €25.1 million.

13. Recent Developments (since 31 December 2017)

- On 1 January 2018, Piraeus Bank Group adopted the requirements of IFRS 9 “Financial Instruments”. The IFRS 9 FTA impact to the financial position of Piraeus Bank Group on 1 January 2018 was a reduction of its total equity of €2.0 billion. More details on the IFRS 9 FTA impact are given in Note 3 of Interim Financial Information contained in the 2018 Mid Year Financial Report.
- 2 January 2018 was the last day for the exercise of Piraeus Bank titles representing share ownership rights (**Warrants**). During the 9th and last exercise process of the Warrants (which were initially issued in 2013), a total of 7,136 Warrants on shares issued by the Bank and owned by the HFSF were exercised, resulting in 15 new common shares and a commensurate increase of the Bank’s free floating shares. The 843,629,886 Warrants that had not been exercised by that date automatically expired and were cancelled by the HFSF on 5 January 2018.
- During February 2017, the exchange of floating rate EFSF and ESM notes held by Piraeus Bank for fixed rate ESM bonds was initiated, within the framework of the short-term measures for the relief of Greek public debt. Up until 31 December 2017, notes held by the Bank with a nominal value of €10.9 billion had been exchanged for cash, and an additional €1.5 billion for new ESM bonds. These new bonds were exchanged for cash on 17 January 2018, bringing the bond exchange programme to an end. Following the completion of the programme, the total amount of EFSF and ESM bonds held by the Bank has dropped to 0.
- In February 2018, the Group announced a new voluntary exit (redundancy) scheme, for its employees, as part of Management’s execution of the “Agenda 2020” strategic plan through cost efficiency measures. Approximately 1,200 employees applied and are gradually exiting.
- During March 2018, the procedure for the sale of Piraeus Bank’s subsidiary Olympic – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece – to a special purpose company designated by Avis Budget Group was completed. The sale procedure started in 2017. For more information please refer to “6.5.3 - *International Operations and Non-core Assets – Avis*” above.
- On 23 April 2018 the sale of Piraeus Bank Beograd to Direktna Bank A.D. was completed, following the receipt of the necessary regulatory approvals by the HFSF, the National Bank of Serbia and the Serbian Competition Authority. The transaction was neutral to Piraeus’s CET-1 ratio. For more information please refer to “6.5.3 - *International Operations and Non-core Assets – Hellenic Seaways*” above.
- On 5 May 2018, the ECB announced the results of the 2018 Stress Test conducted by the ECB and the EBA on the four Greek systemic banks (Piraeus Bank, Alpha Bank, National Bank of Greece and Eurobank). The reference balance sheet for the conducted exercise was the balance sheet of the Bank as at 31 December 2017, which was stressed under a “baseline” and an “adverse” scenario. Under the 2018 Stress Test, Piraeus posted a CET1 ratio of 14.5 per cent. under the “baseline” scenario and 5.9 per cent. under the “adverse” scenario at the end of the 3-year period. For more information please refer to “*The Banking Sector and The Economic Crisis in Greece - The Structure of the Banking Sector in Greece and Recent Developments*” below.

- On 29 May 2018 Piraeus Bank entered into an agreement for the sale of non-performing and denounced corporate credit exposures secured with real estate collateral to Bain Capital Credit LP, equivalent to €2.0 billion total legal claims or €1.4 billion on-balance sheet gross book value for a cash consideration of €0.4 billion. The transaction is subject to customary conditions, regulatory and other approvals by the respective authorities in Greece, including the HFSF. Following the completion of the transaction, Piraeus will have no control over the servicing of the portfolio and will retain none of the risks and rewards associated with it.
- On 29 June 2018, Piraeus Bank completed the sale of Piraeus Bank Romania to J.C. Flowers & Co. following the receipt of the necessary regulatory approvals by the National Bank of Romania. The transaction was neutral to Piraeus's CET-1 ratio.
- On 2 July 2018, Piraeus Bank entered into a binding agreement for the sale of non-performing denounced unsecured retail consumer and credit card exposures, to APS Investments S.a.r.l., equivalent to €2.2 billion total legal claims or €0.4 billion on-balance sheet gross book value for a consideration in cash of €52.0 million. The transaction is subject to customary conditions, regulatory and other approvals by the respective authorities in Greece, including the HFSF. Following the completion of the transaction, Piraeus will have no control over the servicing of the portfolio and will retain none of the risks and rewards associated with it.
- On 3 July 2018, the credit rating agency S&P Global upgraded the long-term / short term ratings of Piraeus Bank to 'B-/B' with stable outlook from 'CCC+/C' with stable outlook.
- On 12 July 2018, Piraeus Bank brought down to zero its funding through the ELA from €5.7 billion as at 31 December 2017.
- On 31 July 2018, the four Greek systemic banks entered into an internationally innovative servicing agreement with a credit institution specialised in the servicing of NPLs, doBank. doBank will support the four Greek systemic banks in the exclusive management of common non-performing exposures of more than 300 Greek SMEs with approximate nominal value of EUR 1.8 billion, by facilitating the effective search of viable restructuring solutions when feasible. This agreement is part of the strategic framework of the Greek systemic Banks to reduce their non-performing exposures by protecting the viability of SMEs and supporting the recovery of the Greek economy.
- On 3 August 2018, Piraeus Bank S.A. announced that the first phase of the tender process for the disposal of 100 per cent. of the shares of its subsidiary Imitheia S.A., owner and operator of the Henry Dunant Hospital Center, was completed, following the timely submission of a satisfactory number of non-binding offers by investors participating in the competitive tender process.
- On 7 August 2018, Piraeus Bank S.A. announced that it had entered into an agreement with the Balfin Group and the Komercijalna Banka, for the sale of shares in its subsidiary in Albania, Tirana Bank. The transaction is subject to customary conditions, including regulatory and other approvals by the respective authorities of the European Commission, Greece and Albania, as well as the HFSF. The total consideration amounts to €57.3 million for the 98.83 per cent. stake Piraeus Bank holds in Tirana Bank.

- On 31 August 2018, DBRS Ratings assigned an investment grade credit rating of BBB (low) to Piraeus Bank's €10 billion Global Covered Bonds Programme, under which there are currently five outstanding series worth €4.5 billion of covered bonds.

ALTERNATIVE PERFORMANCE MEASURES

The following additional metrics are considered by the Issuer to be Alternative Performance Measures (APMs) as defined in the ESMA Guidelines as at 30 June 2018.

<i>Metric</i>	<i>Definition</i>	<i>Rationale/ Purpose of APM</i>
“Non-Performing Loans Ratio” or “NPL ratio” (Adjusted for the seasonal loan to OPEKEPE)	Non-Performing Loans over gross loans adjusted for the seasonal loan to OPEKEPE - Payment Authority of Common Agricultural Policy (C.A.P.) Aid Schemes amounting to €1.7 billion for 31 December 2016 and €1.6 billion for 31 December 2017.	Shows the development of 90 days past due loans excluding the seasonal OPEKEPE loan as a proportion of loans and advances to customers, aiming at the quarterly comparability of this measure.
“Non-Performing Exposures Ratio” or “NPE Ratio”	Non-Performing Exposures over loans and advances to customers before allowances for loan losses.	Shows the development of Non-Performing Exposures as a proportion of loans and advances to customers, a measure of asset quality.
“Adjusted Non-Performing Exposures Ratio” or “Adjusted NPE Ratio”	Non-Performing Exposures over gross loans adjusted for the seasonal loan to OPEKEPE - Payment Authority of Common Agricultural Policy (C.A.P.) Aid Schemes amounting to €1.7 billion for 31 December 2016 and €1.6 billion for 31 December 2017.	Shows the development of Non-Performing Exposures excluding the seasonal OPEKEPE loan as a proportion of loans and advances to customers, aiming at the quarterly comparability of this measure.
“coverage ratio of Non-Performing Loans by allowance for loan losses on loans and advances to customers”	Allowance for loan losses on loans and advances to customers over Non-Performing Loans.	This indicator reflects the percentage of Non – Performing Loans that are covered with the allowance for loan losses on loans and advances to customers at the reporting date.
“pre-provision income”	Profit before provisions, impairment and income tax.	This indicator reflects the amount of income the Group earns before taking into account funds set aside to provide for future bad debts.
“loans and advances to customers to due to customers ratio”	Loans and advances to customers after allowances for loan losses over amounts due to customers.	This indicator reflects the Group’s liquidity to cover any unforeseen funding requirements or economic crises.

THE BANKING SECTOR AND THE ECONOMIC CRISIS IN GREECE

The Structure of the Banking Sector in Greece and Recent Developments

The banking sector in Greece expanded rapidly in the decade from 2000-2010 due to deregulation, Greece's entry into the Eurozone and technological advances. The growth of the sector was the result of both organic expansion and mergers and acquisitions primarily in the wider region of south-east Europe, where Greek banks operate. Nevertheless, as a result of the international financial crisis beginning in 2008, and the emergence of the fiscal crisis in Greece in the last quarter of 2009, the Greek banking system has undergone particularly challenging conditions. As a result of the deteriorating fiscal condition in Greece, international credit rating agencies have downgraded the credit ratings of the Hellenic Republic, adversely affecting the credit ratings of Greek banks.

The liquidity and capital base of Greek banks has been materially and adversely affected by:

- uncertainty regarding Greece's continued participation in the Eurozone and ensuing reduction in deposits;
- successive downgrades of the credit ratings of the Hellenic Republic;
- the restructuring of the public debt through participation of the private sector;
- their inability to access the international markets and the significant outflow of deposits;
- the deterioration of the quality of the loan portfolios of Greek banks as a result of the economic contraction in Greece; and
- limitations to regular Eurosystem financing facilities arising mainly from credit rating status and collateral pool and other factors.

These factors have exercised significant pressure on Greek banks, affecting their liquidity and capital base and posing a threat to the stability of the Greek banking system.

The Bank of Greece and the Greek government have adopted a series of actions to protect the financial stability and safety of customer deposits, including: covering the short term liquidity needs of banks by providing the possibility of recourse to the ELA mechanism; ensuring the adequacy of public resources available to cover the required recapitalisation and the cost of restructuring the Greek banking sector between 2013 and 2015 (the **Financial Envelope**) estimated to be €53 billion; the rehabilitation of weak banks; and a requirement that all Greek banks increase their capital base to a conservatively estimated adequate level. During this process, the European Commission, the ECB and the IMF (the **Institutions**) offered guidance and assistance ensuring the consistency of the implementation with the purposes of the First Economic Adjustment Programme (as defined below).

In March 2012, the Bank of Greece prepared a strategic review of the banking sector. The review evaluated the sustainability prospects of banks by applying a wide set of supervisory and operational criteria and using financial and supervisory data, as well as data from the BlackRock Diagnostic Assessment I of the Greek banking sector commissioned by the Bank of Greece. The results of the review concluded that Greece had four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus

Bank), which were deemed fit to receive public support. The Bank of Greece in May 2012 estimated that the aggregate capital required to support all Greek banks so as to meet the minimum required levels of Core Tier I capital from 2012 to 2014, was €40.5 billion, out of which €27.5 billion was estimated to be required for the four systemic banks. The Bank's capital needs were estimated to be €7.335 billion. The Bank of Greece reconfirmed these estimates in October 2012 and December 2012 and used them as the basis for determining that €50 billion would be necessary and adequate to cover the recapitalisation and restructuring costs of the Greek banking sector. The recapitalisation plan for the systemic banks was established by Greek Law 3864/2010, as in force, and Cabinet Act No. 15, dated 3 May 2012, and Cabinet Act No. 38, dated 9 November 2012 (the **Recapitalisation Plan**).

On 6 March 2014, following a second diagnostic assessment by BlackRock in line with Bank of Greece guidelines, the Bank of Greece published the capital requirements for each of the Greek banks. The key drivers of the capital requirements were the expected life time loan loss provisions, based on the asset quality review in the context of the BlackRock Diagnostic Assessment II of the Greek banking sector commissioned by the Bank of Greece in 2013, and a number of assumptions selected by the Bank of Greece regarding future capital generation. The Bank's capital requirement was assessed at €425 million under the baseline scenario and at €757 million under the adverse scenario as contemplated by the relevant assessment, whilst the total capital requirements for the Greek banking sector as a whole were assessed at €6.4 billion under the baseline scenario and €9.4 billion under the adverse scenario. In the basic and the adverse scenario, the minimum Common Equity Tier 1 index was set at 8 per cent. and 5.5 per cent. respectively. The Recapitalisation Plan was further amended to allow Greek banks to address such capital needs pursuant to Greek Law 4254/2014, as in force, and Cabinet Act No. 11, dated 11 April 2014.

In April 2014, the Bank completed a second equity offering for €1.75 billion, an amount which was fully subscribed for by private investors, both from the Greek and international markets. This offering resulted in a decrease of the HFSF's shareholding to 67 per cent. and the redemption of the Greek state's Special Preference Shares. In 2014, the other three Greek systemic banks completed share capital increases which were subscribed for by private investors, which also resulted in a substantial decrease of the HFSF's shareholding in their share capital. Greek banks operated in a more stable environment following the second recapitalisation of 2014, since the Greek economy experienced moderate growth in 2014 after six years of recession. Banks were able to issue debt securities in parallel with the capital raisings of early 2014, and focused on sustainability, organic growth and cost control, as well as NPL management, which is a catalyst for their financial performance, since NPLs accumulated during the economic crisis and reached high levels for the system overall (NPL ratio reached an average 34 per cent. in the Greek market at the end of 2014).

After the expiration of the Second Economic Adjustment Programme on 30 June 2015, Greece made an official request for stability support and on 19 August 2015 the European Commission signed a MoU with Greece following the approval by the ESM Board of Governors, for further stability support accompanied by the Third Economic Adjustment Programme. As part of this programme, a disbursement of funds in the amount of €10 billion was earmarked for immediate bank recapitalisation and resolution and a total of up to €25 billion was allocated to address potential further recapitalisation needs of viable banks and resolution costs of non-viable banks. Between August and October 2015, the SSM conducted the 2015 Comprehensive Assessment in order to assess the capital needs of the four Greek systemic banks. The 2015 Comprehensive Assessment was carried out by the SSM together with the Greek supervisory authorities under the conditions of the MoU of the Third Economic Adjustment Programme in the framework of the recapitalisation of Greek banks and involved an asset quality and capital adequacy review in order to determine the amount of recapitalisation needs for Greece's systemic banks, following the significant outflow of deposits since December 2014.

On 31 October 2015, the ECB published the results of the 2015 Comprehensive Assessment, determining that the Greek banking sector overall had €107 billion in loans that were non-performing and that it required an additional €4.4 billion under the base case, and €14.4 billion under the adverse case. The Asset Quality Review (**AQR**) resulted in aggregate adjustments of €9.2 billion to participating banks' asset carrying values as at 30 June 2015, and an increase in non-performing exposure stocks of €7 billion across the four banks, with the corresponding allowances for loan losses already considered in the aforementioned AQR adjustments. The AQR impact on the Bank was €2.2 billion, contributing to a base case requirement of €2.2 billion and an adverse case requirement of €4.9 billion.

The Recapitalisation Plan was further amended to allow Greek banks to address such capital needs pursuant to Greek Law 4340/2015, as in force, and Cabinet Act No. 36, dated 2 November 2015.

The last quarter of 2015 was characterised by the 2015 Comprehensive Assessment conducted by the ECB and the recapitalisation process of the four systemic banks. In the equity capital increases concluded at the beginning of December 2015, the four Greek systemic banks managed to raise €10 billion through common equity share issuance, of which €8 billion were covered by the private sector, while Piraeus Bank and the National Bank of Greece additionally raised €4 billion of capital through contingent convertible bonds, subscribed to by the HFSF, in order to cover the adverse scenario of the 2015 Comprehensive Assessment. In total, HFSF contribution amounted to €5.4 billion, much smaller in comparison to the initial adjustment programme's estimate of €25 billion.

In particular, with respect to the Bank, on 13 November 2015, following discussions with the SSM of the ECB in relation to capital actions to be taken into account in order to reduce its capital requirements arising from the 2015 Comprehensive Assessment, it announced that a total of €873 million of capital actions had been approved (including €602 million stemming from the conducted liability management exercise and €271 million from other actions). On the basis of that approval, the amount of the capital requirement for Piraeus Bank was reduced to €4,662 million (€4,933 million less €271 million from other actions), with a respective reduction in the amount of capital needed to be raised from the share capital increase. In the amount of €4,662 million the amount stemming from the liability management exercise was also included, given that it was part of the capital strengthening.

In December 2015, Piraeus Bank announced the full coverage of the share capital increase by an amount totaling €2.6 billion with abolition of the pre-emption rights of existing shareholders; payment in cash; liabilities' capitalisation equivalent to cash payment; and contribution in kind by issuing 8,672,163,482 new ordinary dematerialised registered voting shares with nominal value of €0.30 each and an issue price of €0.30 per share. The new shares were allocated to qualified investors under a private placement, to holders of non-transferable receipts under a liability management exercise and to the HFSF pursuant to the decision of the Bank's Extraordinary General Meeting of 15 November 2015 and in accordance with the decisions of the Board of Directors of 20 November 2015 and 2 December 2015. Furthermore, in order to cover part of Piraeus Bank's capital needs under the adverse scenario of the 2015 Comprehensive Assessment, the Bank issued contingent convertible bonds subscribed for by the HFSF in a total amount of €2.0 billion in accordance the provisions of Cabinet Act No. 36, dated 2 November 2015. The recapitalisation created significant buffers of additional capital that further improved the Greek systemic banks' balance sheets, while they also contribute to the gradual restoration of confidence for depositors and investors alike.

On 31 January 2018, the EBA, in coordination with the SSM, launched the 2018 Stress Test, which was designed to provide supervisors, banks and other market participants with a common analytical framework to consistently compare and assess the resilience of EU banks to economic shocks. For the first time, it

incorporated the IFRS 9 accounting standards. No pass-fail capital threshold has been included, as the results of the exercise are designed to serve as an input to SREP.

The 2018 EU-wide Stress Test exercise is carried out on a sample of banks covering broadly 70 per cent. of the banking sector in the euro area, including all the four Greek systemic banks. The 2018 Stress Test was run at the highest level of consolidation. The exercise was carried out on the basis of actual figures as at 31 December 2017, under the assumption of a static balance sheet, and the scenarios were applied over the three year period from 2018 to 2020.

The 2018 Stress Test covered Piraeus Bank S.A. as a consolidated group, including subsidiaries and branches, both domestic and international. The 2018 Stress Test captured risks at various levels, ranging from portfolios, obligors, to exposures and transactions. All applicable risk groups as per the 2018 EBA ST Methodology were covered in the Bank's stress test results, including net interest income, credit risk, market risk, conduct risk and other operational risks, as well as other pertinent profit and loss and capital risks.

On 5 May 2018, the ECB announced the results of the 2018 Stress Test conducted by the ECB concerning the four Greek systemic banks (National Bank of Greece, Eurobank, Alpha Bank and Piraeus Bank). Under the 2018 EU-wide Stress Test Piraeus Bank posted a Transitional CET-1 capital adequacy ratio of 14.5 per cent. under the "baseline" scenario and 5.9 per cent. under the "adverse" scenario for the year-ending 31 December 2020.

The Greek Banking Market

Since the onset of the crisis in Greece, Greek banks have undergone a phase of significant consolidation. Several banks, including Proton, New TT Hellenic Postbank and the Agricultural Bank of Greece S.A. (**ATEbank**), First Business Bank S.A. and Probank were placed in liquidation, with selected assets and liabilities being transferred to other credit institutions. Piraeus Bank has actively participated in the consolidation process by having acquired Société Générale's Greek subsidiary, Geniki Bank S.A., selected assets and liabilities of ATEbank, all deposits, loans and branches in Greece of the Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the loans and deposits of their subsidiaries in Greece, Millennium Bank and, certain assets and liabilities of Panellinia Bank.

According to the Bank of Greece, as at June 2018, there were eight credit institutions and nine co-operative banks established in Greece, while 22 foreign financial institutions operate in the domestic market through branch networks. There is also a specialised credit institution, the Consignment Deposits and Loans Fund.

The four largest commercial banks measured by deposits and their deposit market share as at 30 June 2018 are as follows:

- Piraeus Bank: 29 per cent.;
- National Bank of Greece S.A.: 27 per cent.;
- Alpha Bank S.A.: 22 per cent.; and
- Eurobank Ergasias S.A.: 19 per cent.

(Source: Bank of Greece and publicly available information for each bank.)

Implementation of the Restructuring Plan

In July 2014, the EU Directorate General for Competition approved the restructuring plan of Piraeus Bank. Despite the positive signs in 2014, the events that led to the agreement on the Third Economic Adjustment Programme in August 2015 changed the assumptions and the forecasts upon which the restructuring plans of the Greek banks had been approved.

As state aid requires approval in accordance with European Union rules, in November 2015, the Bank submitted a revised restructuring plan to the European Commission, which was based on its restructuring plan of 2014 and approved by the HFSF and the European Commission on 29 November 2015.

The commitments under the revised restructuring plan do not deviate from the basic commitments approved in the 2014 restructuring plan and are in line with the medium-term strategic and financial objectives of the Bank. Furthermore, under the revised restructuring plan, the Bank's targets are focused on its domestic activities in Greece. The revised restructuring plan of the Bank was based on macro-economic assumptions as provided by the European Commission as well as regulatory assumptions, and comprises the following principal commitments:

- the reduction of the number of branches in Greece to a maximum of 650 branches by 31 December 2017;
- the further reduction of the number of the employees in Greece to a maximum of 13,200 by 31 December 2017 compared to the initial commitment to a maximum of 15,350;
- the reduction of the total operating costs in Greece to a maximum of €1.1 billion for the year ending 31 December 2017;
- the reduction of the Bank's cost of funding by 31 December 2018, through the decrease in the cost of deposits collected in Greece in order to restore the Bank's pre-provision income;
- the reduction of the loans and advances to customers to deposits due to customers ratio for Piraeus' Greek banking activities to no higher than 115 per cent. by 31 December 2018;
- annual growth rate of loans and advances to customers before allowances for loan losses that cannot be higher than the growth rate of the market as according to the estimates of the European Commission;
- the further reduction by 30 June 2018, of Piraeus Bank's portfolio of foreign assets;
- the sale of the unlisted securities portfolio by 31 December 2017, comprising investments greater than €5.0 million (subject to certain exceptions);
- refraining from purchasing non-investment grade securities until 30 June 2017 (subject to certain exceptions);
- the implementation of a cap on the remuneration of the Bank's employees and managers; and
- certain other commitments, including restrictions on: (a) payment of dividend on the Bank's common shares up until (i) 31 December 2017 or (ii) the repayment of the hybrid capital instruments that have

been characterised as state aid namely the €2,040 million contingent convertible bonds held by HFSF (whichever occurs earlier) (b) the Bank's ability to make certain acquisitions, unless either exceptional approval is granted by the EU Directorate General for Competition or the acquisition price is lower than a preset limit.

Piraeus Bank's revised restructuring plan is being implemented, to date, according to the commitments assumed and within the set time limits. The commitments under the restructuring plan are monitored by an independent monitoring trustee (KPMG). Piraeus Bank had in large part satisfied the commitments to reduce its domestic branch network, staff and its domestic operating expenses ahead of the official deadline of December 2017. Piraeus Bank's Restructuring Plan has been almost completed, to date, according to the commitments assumed and within the set time limits and is expected to be concluded in total without delays, with the main pending commitment being the completion of the sale of subsidiaries in Albania (a sale and purchase agreement – SPA – has been signed) and in Bulgaria (at the final stage for the signing of an SPA).

Piraeus Group's foreign assets amounted to €1.4 billion as at 30 June 2018 (excluding discontinued operations) compared to €9.3 billion as at 31 December 2012. The Group's efforts to downsize its international operations as provided in its restructuring plan are being implemented in order to enhance the capital position, improve liquidity and focus on streamlining international presence. All sale transactions in connection with the Group's international operations are expected to be effected on a capital-neutral basis or, in any case, without substantial capital erosion. Furthermore, since the date of the restructuring plan, no additional equity or subordinated capital has been provided to any of its foreign subsidiaries.

Economic Adjustment Programmes, the PSI and the Buy-Back Programme

The aggravated financial condition of Greece since the end of 2009 has limited, to a significant extent, Greek banks' access to the international capital markets. In early May 2010, the Greek government agreed to the first economic adjustment programme jointly supported by the Institutions (the **First Economic Adjustment Programme**), which would provide significant financial support of €73 billion in the form of a cooperative package of €20.1 billion from IMF and €52.9 billion in the form of bilateral loans with EU countries. The First Economic Adjustment Programme was established pursuant to two memoranda, each dated 3 May 2010, which set out a series of fiscal measures and structural reforms, including the creation of the HFSF.

On 21 February 2012, following consultations at an international level, the Institutions agreed the Second Economic Adjustment Programme. The Second Economic Adjustment Programme's main objective was to ensure the sustainability of Greek government debt, the solidification and recapitalisation of the Greek banking system and the resolution of non-viable banks and to restore competitiveness to the Greek economy. Pursuant to the Second Economic Adjustment Programme, Greece was to set fiscal consolidation targets so as to return to a primary surplus by 2013, to fully carry out the privatisation plan and to proceed to implement structural reforms in the labour, goods and services markets. In addition, the principles for the Private Sector Involvement (the **PSI**) in the restructuring of the Hellenic Republic's sovereign debt were agreed, as well as the 53.5 per cent. reduction in the nominal value of Greek government bonds. As a result of the PSI, which began on 24 February 2012 and was completed on 25 April 2012, the total amount of sovereign debt restructured was approximately €199 billion, i.e. 96.9 per cent. of the total eligible bonds (approximately €205.5 billion) (source: Ministry of Finance). On 14 March 2012, the finance ministers of the Eurozone approved financing of the Second Economic Adjustment Programme for Greece. Unlike the First Economic Adjustment Programme, which was based on bilateral loans, the members of the Eurozone agreed that the second programme would be financed by the EFSF.

Apart from the PSI principles, in order to ensure the sustainability of Greek government debt, it was also decided on 21 February 2012 that: (i) the interest rate margin on the loan that Greece had been granted by the Eurozone countries would be retroactively decreased to 150 basis points; (ii) the ECB's income from acquiring and holding Greek bonds would be allocated to central banks and through them to the Member States, which would in turn direct such amounts to Greece's debt relief; and (iii) central banks holding Greek bonds in their investment portfolio would cede the income arising from these bonds to Greece until 2020.

By mid-2012, the political uncertainty created in Greece after two elections, the delays in implementing the programme, as well as a stronger than expected recession in the Greek economy, led to a review of the terms of the Second Economic Adjustment Programme, as the sustainability of Greek government debt was put into question. On 27 November 2012, following consultations at national and international levels, basic points and actions were determined, with the aim of achieving the sustainability of Greek government debt at 175 per cent. of GDP in 2016, 124 per cent. in 2020 and below 110 per cent. in 2022. At the same time, an agreement was reached to extend the programme and delay the targeted primary surplus of 4.5 per cent. of GDP from 2014 to 2016, while, on 3 December 2012, the Public Debt Management Agency announced the terms for the buy-back programme consisting of an auction for buying back Greek government bonds. On 11 December 2012, the buy-back programme process was completed and total offers amounted to a nominal value of approximately €31.9 billion, while the weighted average price was approximately 33.8 per cent. of the nominal value. For the buy back of the bonds offered, six month EFSF notes were issued for a nominal value of €11.3 billion (including accrued interest).

At the beginning of January 2013, the European Commission and the IMF completed the review of the Second Economic Adjustment Programme and approved disbursement of the next tranches. Following continued negotiations, the Greek government and representatives of the Institutions reached an agreement on the policies that could constitute the basis for completing the review of the Second Economic Adjustment Programme. Approval of such agreement was announced by the Eurogroup on 1 April 2014, while approval by the board of directors of the IMF was still pending at the time. The Institutions stated in a 19 March 2014 press release that, *inter alia*, the Greek economy was beginning to stabilise and was expected to gradually recover. The Institutions acknowledged, however, that although Greece had achieved a higher than expected primary surplus in 2013, only a small part of such surplus would carry over into 2014.

Until 30 June 2015, the Hellenic Republic received financial support from the EFSF and the IMF in the form of financial loans within the framework of the Second Economic Adjustment Programme, which included a series of austerity measures and structural reforms. More specifically, the EFSF disbursed €141.8 billion while the IMF disbursed €12.0 billion, a total of €153.8 billion.

Following the election of a new coalition government in January 2015, the new government moved to negotiate a new financing framework and a revised reform programme with the Institutions in the context of the fifth review of the Second Economic Adjustment Programme. On 18 February 2015, the Greek government filed a request to extend the Master Financial Assistance Facility Agreement for Greece. As a result of these negotiations, on 27 February 2015, the Second Economic Adjustment Programme was extended by the EFSF until 30 June 2015. The negotiations and discussions between Greece and the Institutions did not lead to an agreement or the successful completion of the fifth review of the Second Economic Adjustment Programme.

On 28 June 2015, the ECB announced that it would not increase the ELA ceiling for Greece's banking system from the €89.0 billion 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 mechanism) exceeded 70 per cent. of Greece's GDP.

In order to protect the Greek financial system from increasing deposit outflows, the Greek government adopted on 28 June 2015 an urgent legislative act declaring the period from 28 June 2015 until 6 July 2015 a bank holiday for all financial institutions operating in Greece in any form. Simultaneously, restrictions on cash withdrawals from ATMs, transfers of funds abroad and other transactions were put in force during the bank holiday, which was subsequently extended until 19 July 2015. In parallel, the ATHEX regulated markets and the Multilateral Trading Facility of "EN.A." were closed for the period of the bank holiday, pursuant to a decision of the HCMC.

Greece's Second Economic Adjustment Programme expired on 30 June 2015. The Greek government then made a formal request for stability support from the ESM on 8 July 2015. The European Commission and the ECB made a positive assessment of the request because of the risk to the financial stability of the euro area. They provided an assessment of the sustainability of Greece's public debt and financing needs. This assessment was discussed by the Eurogroup and at the Euro summit on 12 and 13 July 2015. The leaders from the euro area countries agreed in principle that they were ready to start negotiations on an ESM financial assistance programme for Greece, provided a number of strict conditions would be met before negotiations formally began. A short-term bridge loan of €7.2 billion was disbursed under the EFSM on 20 July 2015 to cover financing needs until the new ESM programme would be launched. The Eurogroup reached political agreement on 14 August 2015 based on the adoption of measures by the Greek authorities and the ESM board of governors' approval of further assistance accompanied by a stability support programme under the ESM framework.

Greece then signed an MoU with the European Commission, acting on behalf of the ESM, on 19 August 2015. On this basis, the Greek authorities signed a financial assistance facility agreement with the ESM to specify the financial terms of the loan. At the same time, the Council of the European Union adopted decisions approving the stability support programme and the updated fiscal path for Greece. This paved the way for mobilising up to €86 billion in financial assistance over three years (2015 to 2018) (the Third Economic Adjustment Programme). The funds provided by the ESM were linked to progress in implementing the policy conditions agreed in the MoU. The policies were built around four pillars: restoring fiscal sustainability, safeguarding financial stability, growth, competitiveness and investment and a modern state and public administration.

Under the Third Economic Adjustment Programme, a first disbursement of €13 billion was made on 20 August 2015 following signature of the MoU. An additional €10 billion was earmarked for bank recapitalisation and resolution. These funds were intended to allow the Greek state to: repay the short-term bridge loan disbursed under the EFSM, mitigate hindrances to economic activity by covering financing needs, make overdue payments and addressing financial sector needs.

Additional funds were subject to the verification of the achievement of two sets of milestones: the first set of milestones was reached in October 2015 which led to a further disbursement of €2 billion, and the second set of milestones was achieved in December 2015 which led to a disbursement of €1 billion.

The ESM also gave the HFSF the funds necessary to cover its investment of €5.4 billion in Greek banking sector recapitalisation.

On 25 May 2016, the Eurogroup agreed on a package of debt relief measures that was 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 implemented after the first review of the Third Economic Adjustment Programme. The first review of the Third Economic Adjustment Programme was completed in June 2016. The conclusion of the first review of the Third Economic Adjustment Programme permitted the disbursement of an instalment of €10.3 billion in two sub-tranches. The first sub-tranche of €7.5 billion was disbursed in late June 2016 after the approval by the ESM on 21 June 2016. €5.7 billion of this tranche was to cover debt servicing needs and €1.8 billion was to allow the clearance of an initial part of arrears as a means to support the real economy. The second sub-tranche of €2.8 billion was approved by the ESM on 25 October 2016 and disbursed shortly afterwards.

In June 2016, a supplemental memorandum of understanding was agreed, which updated certain of the policy conditions set out in the MoU. The MoU (as supplemented) stated 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.

The ECB, acknowledging the progress made on reforms implementation with the conclusion of the first review of the Third Economic Adjustment Programme, reinstated the waiver for all outstanding and new marketable debt instruments issued or guaranteed by the Hellenic Republic. Furthermore, the conclusion of the first review of the Third Economic Adjustment Programme led to a positive ESM decision regarding the implementation of the short-term debt relief measures from January 2017 onwards. More analytically, the boards of directors of the ESM and EFSF on 23 January 2017 adopted the rules implementing a set of short-term debt relief measures for Greece. The measures were designed to reduce interest rate risk for Greece, including by exchanging some debt to fixed from floating rates, and to ease the country's repayment burden. The ESM Board of Governors approved the measures in a written procedure concluded on 20 January 2017.

The second review of the Third Economic Adjustment Programme was concluded on 7 July 2017. Upon completion of all prior actions for the second review by Greece, the European Commission, in liaison with the ECB and in consultation with the ESM, prepared a positive assessment of the programme implementation. The Eurogroup on 15 June 2017 welcomed the fulfillment of the agreed prior actions paving the way for the successful completion of the second review. The Eurogroup meeting of 15 June 2017 concluded that debt sustainability should be attained within the framework of the debt measures envisaged by the Eurogroup in May 2016. In this regard, the Eurogroup specified the assessment of debt sustainability with reference to the agreed benchmarks for gross financing needs (GFN): GFN should remain below 15 per cent. of GDP in the medium term and below 20 per cent. of GDP thereafter so as to ensure that debt remains on a sustained downward path. The Eurogroup also stated that it stood ready to implement a second set of debt measures to the extent needed to meet the aforementioned GFN objectives, in line with the Eurogroup statement of 25 May 2016. These included:

- abolishing the step-up interest rate margin related to the debt buy-back tranche of the second Greek programme;
- the use of the 2014 Securities Markets Programme (SMP) profits from the ESM segregated account;
- the restoration of the transfer of the equivalent of Agreement on Net Financial Assets (ANFA) and SMP profits to Greece (as of budget year 2017);
- liability management operations within the Third Economic Adjustment Programme taking due account of the exceptionally high burden of some member states; and
- EFSF reprofiling within the maximum programme authorised amount.

On 30 June 2017, the Council adopted the updated Council Implementing Decision. The new supplemental MoU was approved by the ESM Board of Governors and signed by Greece and the European Commission, acting on behalf of the ESM, on 5 July 2017. The new MoU laid down the agreement on policy conditionality reached between Greece and the European institutions with technical details contained in the supporting draft technical memorandum of understanding (the **TMU**). The MoU updated the policy conditions set out in the MoU of August 2015 and amended at the end of the first review in June 2016 to reflect the progress achieved in implementation of the Third Economic Adjustment Programme.

The signature of the new supplemental MoU led to the authorisation, on 7 July 2017 by the ESM Board of Directors, of the third tranche under the Third Economic Adjustment Programme. The third tranche amounted to €8.5 billion of which €6.9 billion covered debt servicing needs, the remaining €1.6 billion was be used for arrears clearance and disbursed in two subtranches of €0.8 billion each. The second sub-tranche was disbursed on 30 October 2017, following an assessment of good progress in clearing arrears using the funds already made available as well as own resources.

The Executive Board of the IMF on 20 July 2017 approved in principle an SDR 1.3 billion precautionary stand-by arrangement for Greece. Financing under the arrangement was conditional on receiving specific and credible assurances on debt relief from Greece's European partners to restore debt sustainability and the continued implementation of the Third Economic Adjustment Programme. The agreement expired on 31 August 2018, shortly after the expiration of the Third Economic Adjustment Programme.

The Eurogroup on 22 January 2018 welcomed the implementation of almost all of the agreed prior actions for the third review of the Third Economic Adjustment Programme, following the staff level agreement on the policy package that was reached on 2 December 2017. Based on the compliance report submitted by the European institutions on 2 March 2018, the working group verified that the outstanding prior actions have been completed. A new MoU was approved by the ESM Board of Governors and signed by Greece and the European Commission, acting on behalf of the ESM, on 22 March 2018. The new MoU laid down the agreement on policy conditionality reached between Greece and the European institutions with technical details contained in the supporting draft TMU. The new MoU updated the policy conditions set out in the MoU of August 2015 and amended at the end of the first review in June 2016 as well as at the end of the second review in July 2017 so as to reflect the progress achieved in implementation of the Third Economic Adjustment Programme.

The signature of the new MoU led to the authorisation, on 27 March 2018, by the ESM Board of Directors, of the release of the fourth tranche under the Third Economic Adjustment Programme. The tranche amounted to €6.7 billion, of which €5.7 billion disbursed upon implementation of all prior actions and covered debt servicing needs, allowed for further clearance of arrears, and supported the build-up of cash buffers. The remaining €1 billion used for arrears clearance and disbursed in June 2018, subject to positive reporting by the European institutions on the clearance of net arrears also using own resources and a confirmation from the European institutions that the unimpeded flow of e-auctions has continued.

The European institutions and the Greek authorities reached staff-level agreement on the policy package to be implemented for the completion of the fourth and final review of the Third Economic Adjustment Programme on 19 May 2018. The new supplemental MoU laid down the agreement on policy conditionality. It updated the policy conditions set out in the MoU of August 2015 and amended at the end of the first review in June 2016, at the end of the second review in July 2017 and at the end of the third review in March 2018, so as to reflect the progress achieved in programme implementation. The European institutions submitted a compliance report to the 21-22 June 2018 Eurogroup on the completion of all the agreed prior actions for the

fourth review of the Third Economic Adjustment Programme. This followed the staff level agreement on the policy package for the fourth review that was reached on 19 May 2018.

The Eurogroup on 22 June 2018 welcomed the implementation of all the agreed prior actions for the fourth review of the Third Economic Adjustment Programme, based on the compliance report submitted by the European institutions. This paved the way for the disbursement of the fifth and final tranche under the Third Economic Adjustment Programme, which will allow Greece to build up a sizeable cash buffer covering financing needs until mid-2020. In total, the ESM disbursed €61.9 billion under the Third Economic Adjustment Programme. In addition, the Eurogroup congratulated Greece on the successful completion of the Third Economic Adjustment Programme and agreed on a substantial package of measures to ensure the sustainability of Greek debt. More analytically, the Eurogroup decided on the following elements:

- I. The surveillance framework that will apply after the end of the programme with Greece's commitments on the implementation of agreed fiscal targets and reforms.
- II. The size of the third and final disbursement by the ESM which totalled €15 billion. Out of this total amount, €5.5 billion will be used for debt servicing and €9.5 billion to build up cash buffers. Overall, Greece will be leaving the programme with a cash buffer of €24.1 billion covering the sovereign financial needs for around 22 months following the end of the Third Economic Adjustment Programme in August 2018.
- III. A package of debt-relief measures the implementation of which is linked to the progress achieved by Greece on executing agreed reforms. These measures include the gradual transfer of ANFA and SMP profits to Greece based on semi-annual reviews until 2022, an EFSF re-profiling with an extension of the weighted average maturity by 10 years and a further deferral of EFSF interest and amortisation payments by 10 years.

According to the Eurogroup's announcement, the institutions are committed to consider further debt relief measures in the future, if needed. The agreed measures should ensure that gross financing needs (GFN) remain below 15 per cent. of GDP in the medium term and below 20 per cent. of GDP longer-term.

Furthermore, according to Eurogroup's announcement, completion and continuation of key reforms under the ESM programmes will be monitored under enhanced surveillance following the end of the Third Economic Adjustment Programme.

On 11 July 2018, the Commission adopted a decision to activate the enhanced surveillance framework for Greece. This decision entered into force after the successful conclusion of the Third Economic Adjustment Programme on 21 August 2018. As part of the comprehensive agreement reached in the Eurogroup statement of 22 June 2018, the Greek authorities made commitments, as set out in the annex to the Eurogroup statement to continue the implementation of all key reforms adopted under the ESM programmes and sustain their objectives, as well as complete certain key structural reforms initiated under the ESM programmes against agreed deadlines. In parallel, Greece will be fully integrated into the European Semester framework of economic and social policy coordination as from 21 August 2018. Synergies between the enhanced surveillance and European Semester processes will be maximised so as to ensure coherence and avoid undue burdens on the administration. This marks a clear shift towards a new chapter for Greece after years of financial assistance programmes. Enhanced surveillance is a post-programme framework adapted to Greece in view of the longstanding crisis and challenges faced. It will support the continuation, completion, and delivery of reforms agreed under the ESM programmes, in line with the commitments made by the Greek authorities through a close monitoring of the economic, fiscal and financial situation and its evolution.

Monitoring will be undertaken by the European Commission, in conjunction with the ECB, and where appropriate, with the IMF. The ESM will also participate in the implementation 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.

Financing of the Greek Economy by the Economic Adjustment Programmes

On the 20 August 2018 the ESM announced that Greece officially concluded its Third Economic Adjustment Programme with a successful exit. This follows the disbursement of €61.9 billion by the ESM over three years in support of macroeconomic adjustment and bank recapitalisation in Greece out of a maximum programme volume of €86 billion. The unused amount mainly derived from the substantially lower recapitalisation needs of banks compared to what was originally foreseen (€5.4 billion used out of a maximum amount of €25 billion) and from more efficient management of cash resources by the Greek government. Of the total disbursed amount, €36.3 billion covered debt servicing needs, €11.4 billion provided a cash buffer, €8.8 billion covered other fiscal needs (including €7.0 billion for arrears clearance) and €5.4 billion covered bank recapitalisation needs. Greece, through the three adjustment programmes, has disbursed €288.7 billion. The total amount disbursed to Greece by the EFSF and the ESM only, was €203.8 billion. Greece will repay the ESM loans from 2034 to 2060. The EFSF loans are currently scheduled to be repaid from 2023 to 2056, however according to the medium-term debt relief measures politically approved by the Eurogroup in June 2018, there will be an extension of the maximum weighted average maturity by 10 years on €96.4 billion of EFSF loans. This extension requires approval by the EFSF Board of Directors.

The Hellenic Financial Stability Fund (HFSF)

The HFSF is a private law entity, having as a purpose the contribution to the maintenance of the stability of the Greek banking system for the sake of public interest. The HFSF shall act in line with Greek Law 3864/2010 as amended and in force and the relevant commitments under the MoU of 15 March 2012, a draft of which was ratified by Greek Law 4046/2012, as in force, as amended from time to time and the MoU of 19 August 2015, a draft of which was ratified by Greek Law 4336/2015, as amended from time to time. The HFSF shall comply with, and is authorised to take any actions to comply with and to give full effect to its obligations under, or arising out of or in connection with the Master Financial Facility Agreement of 15 March 2012, a draft of which was ratified by Greek Law 4060/2012, as in force, and under the Financial Assistance Facility Agreement of 19 August 2015, a draft of which was ratified by Greek Law 4336/2015, respectively. The HFSF operates on the basis of a comprehensive strategy with regards to the financial sector and the management of NPLs, which constitutes the subject matter of an agreement between the Ministry of Finance, the Bank of Greece and the HFSF, as amended from time to time.

In pursuing its objective, the HFSF shall: (a) provide capital support to credit institutions, pursuant to Greek Law 3864/2010, as amended and in force, and in adherence to the European Union regulation regarding state aid; (b) monitor and assess how credit institutions to which the HFSF provides capital support comply with their restructuring plans, whilst ensuring that such credit institutions operate on an autonomous market basis and in such a manner that ensures in a transparent way private investor participation in their capital; (c) exercise its shareholding rights deriving from its participation in the credit institutions; (d) dispose in whole or partially financial instruments issued by the credit institutions in which it participates; (e) provide loans to the Hellenic Deposit and Investment Guarantee Fund (**HDIGF**) for resolution purposes; (f) facilitate the management of NPLs of the credit institutions; (g) enter into a relationship framework agreement or amend the existing relationship framework agreement with all credit institutions that are or have been beneficiaries of

financial assistance by the EFSF and the ESM, in order to ensure the implementation of its objectives and rights, as long as the HFSF holds shares or other capital instruments in such financial institutions or monitors the restructuring plan of such credit institutions; (h) exercise the shareholder rights arising from the transfer of ordinary shares of credit institutions, pursuant to para. 6 of Article 27A of Greek Law 4172/2013 (Greek Income Tax Code), in accordance with the rules on good governance regarding the assets of the HFSF and the EU rules on state aid and competition; and (i) exercise the voting rights deriving from the participation of General Government Bodies in the share capital of credit institutions, which have been entrusted to the HFSF by virtue of relevant law provision or relevant decision of the competent management body of such General Government Bodies.

The temporary liquidity support provided under Greek Law 3723/2008, as in force, or as part of the operations of the Eurosystem or the Bank of Greece, does not fall within the scope of the HFSF's objective. The duration of the HFSF shall be until 31 December 2022. Following a decision of the Minister of Finance, its duration may be extended, if deemed necessary for the fulfilment of its scope. The HFSF's capital shall emanate from: (a) funds raised from the EU and IMF financial support mechanism for Greece pursuant to Greek Law 3845/2010, as in force, and pursuant to the Master Financial Assistance Facility Agreement of 15 March 2012; and (b) funds provided under the Financial Facility Agreement of 19 August 2015, as amended from time to time. Said capital may be paid gradually by the Greek government and is incorporated into non-transferable securities until the end of the HFSF's duration. HFSF's participation in the Bank following the 2013 share capital increase was 81 per cent. In April 2014 the Bank undertook a second offer of shares amounting to 1.75 billion, which was fully covered by private investors from both the Greek and the international markets. This resulted in a decrease in the HFSF's participation to 67 per cent. Lastly, following the Bank's recapitalisation in late 2015, the HFSF stake was further decreased to 26.4 per cent.

Administrative Structure of the HFSF

Greek Law 3864/2010, as in force following consecutive amendments (most recently by Greek Law 4549/2018), contains detailed provisions regarding the *modus operandi*, administrative structure and competences of the HFSF. The HFSF has two administrative bodies with decision-making functions, namely (a) the General Council, which consists of seven members, two of which are representatives of the Ministry of Finance and the Bank of Greece, respectively and (b) the Executive Board, which consists of three members, one of which will be nominated by the Bank of Greece. One executive member of the Executive Board will be assigned the task to enhance the role of the HFSF in facilitating the resolution of NPLs of the credit institutions in which the HFSF has participation. Moreover, the members of the General Council and the Executive Board shall be selected, following a public invitation of interest, by a Selection Panel which has been established pursuant to a decision of the Ministry of Finance. With the exception of the representative of the Ministry of Finance and the nominee from the Bank of Greece, all appointments, including renewal of appointments shall require the prior agreement of the Eurogroup Working Group, including their respective remuneration. The appointment is made for a three year term. With the exception of the General Council member appointed by the Bank of Greece, Bank of Greece Governor, Deputy Governors, members of collective bodies, counsels and employees may not be appointed as members of either the General Council or the Executive Board.

The main responsibilities of the Selection Panel as stipulated in Article 4A "Selection Panel" of Greek Law 3864/2010, as in force, are the following:

- The annual evaluation of the members of the General Council and the Executive Board including the assessment, based on criteria set by the Selection Panel which will ensure the proper implementation of the objectives of the HFSF in accordance with each body's mandate.
- The pre-selection of the members of the HFSF's General Council and the Executive Board, the proposal of their remuneration, as well as other conditions of their employment.
- The removal of any member of the General Council and the Executive Board.

Persons having any of the following positions during the last three years may not be appointed as members of the Selection Panel: members of the Greek Parliament or Government, officers, employees or counsels of any Greek Ministry or of other governmental authority or of the Bank of Greece, executive members, officers, employees or counsels of any credit institution operating in Greece or of the European Commission or of the ECB or of the ESM, holders of shares of a credit institution operating in Greece with a total value exceeding €100,000 or persons having a financial interest, directly or indirectly linked to a credit institution operating in Greece, with a total value exceeding €100,000.

Supply of Capital Support by the HFSF

With regards to the supply of capital support, a credit institution experiencing a capital shortfall, as such shortfall has been determined by the competent authority, may submit a request for capital support to the HFSF, up to the amount of the determined capital shortfall, accompanied by a letter of the competent authority determining (a) the capital shortfall, (b) the date by which the credit institution needs to meet the said shortfall, and (c) the capital raising plan submitted to the competent authority.

For credit institutions with an existing restructuring plan approved by the European Commission at the time of such request, said request shall be accompanied by a draft amended restructuring plan. The draft restructuring plan (for credit institutions without an existing approved restructuring plan), or the draft amended restructuring plan shall describe by what means the credit institution shall return to sufficient profitability in the next three to five years, under prudent assumptions. The HFSF shall monitor and evaluate the proper implementation of the restructuring plan and any amended restructuring plan, as the case may be. The HFSF may request amendments and addendums to the above-mentioned restructuring plan.

Any restructuring plan approved by the HFSF shall comply with EU rules on state aid and shall be approved by a decision of the European Commission. Additionally, it shall ensure the credit institution's restoration of adequate profitability, the burden-sharing to its shareholders and the minimisation of any hindrance caused to competition. The HFSF monitors and evaluates the implementation of such approved restructuring plans.

The HFSF may grant a credit institution a letter of commitment that it will participate in the recapitalisation of such credit institution, subject to and in accordance with the procedure laid down in Greek Law 3864/2010 (Articles 6A and 7), as in force, and up to the amount of capital shortfall identified by the competent authority provided that the credit institution falls within the exception of item d(cc) of paragraph 3 of Article 32 of Greek Law 4335/2015, as in force (the **Greek BRRD Law**) (in other words, the credit institution is not deemed by the SSM to be failing or likely to fail and such capital support will constitute precautionary recapitalisation). The HFSF grants said letter without the procedure stipulated under Article 6A regarding the compulsory application of the burden sharing process. The above-mentioned commitment does not apply if for any reason the licence of the credit institution is revoked, or any of the resolution measures provided for in the Greek BRRD Law is undertaken. The HFSF provides capital support for the sole purpose of covering the

capital shortfall of the credit institution, as determined by the competent authority and up to the amount remaining uncovered, as long as such support is preceded by the application of the measures of the capital raising plan (referred to in Article 6 of Greek Law 3864/2010, as in force), any participation of private sector investors, the European Commission's approval of the restructuring plan and either:

- (i) any mandatory burden sharing measures (of Article 6A of Greek Law 3864/2010, as in force), where the European Commission confirms as part of the approval of the restructuring plan that the credit institution falls within the exception of item d(cc) of Article 32 (3) of the Greek BRRD Law (the financial institution is not failing nor likely to fail and the capital support is provided in the context of precautionary recapitalisation); or
- (ii) where the credit institution has been placed under resolution, and measures have been taken pursuant to the Greek BRRD Law.

The relationship framework agreement has to be duly signed before any capital support is provided. Capital support shall be provided through the participation of the HFSF in the share capital increase of the credit institution through the issuance of ordinary shares with voting rights or the issuance of contingent convertible bonds or other convertible instruments which shall be subscribed by the HFSF. The breakdown of the above participation of the HFSF between ordinary shares and contingent convertible bonds or other convertible instruments is defined by Cabinet Act No. 36, dated 2 November 2015.

The HFSF may exercise, dispose or waive its pre-emption rights with respect to share capital increases or issues of contingent convertible bonds or other convertible instruments of credit institutions that submit a request for capital support. Without prejudice to the provisions of paragraph 2 of Article 14 of Greek Law 2190/1920 on *societes anonymes* (and, as of 1 January 2019, without prejudice to the provisions of paragraph 2 of Article 35 of Greek Law 4548/2018, by which Greek Law 2190/1920 will be repealed as of 1 January 2019), the subscription price for the shares is the market price derived from a book building process carried out by each credit institution. By decision of its General Council, the HFSF shall accept this price, provided that the HFSF has commissioned and obtained an opinion from an independent financial advisor opining that the book building process complies with international best practice applicable in the particular circumstances. The offering price of the new shares to the private sector shall not be lower than the subscription price of those shares subscribed by the HFSF in the context of the same issuance. The offer price may be lower than the price of the shares already subscribed by the HFSF or than the current stock market price. The condition above need not be met where the HFSF is called upon to cover the remaining amount not covered by private participation in share capital increases of credit institutions pursuant to measures of public financial stability or when such institutions are not subject to a restructuring plan already approved by the European Commission at the time a request for capital support from the HFSF is made.

Implementation of public financial stability measures

Following decision of the Minister of Finance, pursuant to paragraph 4 of internal Article 56 of Article 2 of the Greek BRRD Law, on the implementation of the measure of public capital support, the HFSF shall be designated as the vehicle for applying Article 57 of the Greek BRRD Law. In this case the HFSF participates in the recapitalisation of the credit institution and receives in return the means set forth in paragraph 1 of Article 57 of the Greek BRRD Law. The HFSF participates in the capital increase and receives in return capital instruments after the application of any measures adopted in accordance with Article 2 of the Greek BRRD Law.

Powers of the HFSF

The HFSF shall fully exercise the voting rights attached to the shares undertaken under capital support, following the amendment of Greek Law 3864/2010 by Greek Law 4340/2015, as in force. The HFSF will continue to exercise the voting rights with the limitations set out below in the following cases:

- (a) for the shares taken by the HFSF during its first participation in the recapitalisation of financial institutions in 2013, when certain limitations applied with regards to the HFSF's voting rights due to the private sector participation in the said increase being at least 10 per cent.. Since the involvement of the private sector fell short of 10 per cent. the HFSF could exercise without any limitation its voting rights with regards to its participation in the respective systemic bank; and
- (b) for the shares acquired during the period when the HFSF contributed in the recapitalisation of credit institutions under conditional voting rights, but said restrictions did not apply, however, due to the failure to reach the required percentage of private sector involvement. These restrictions on the HFSF's voting rights apply, provided that private participation in the first share capital increase, following the effective date of Greek Law 4254/2014, as in force, which amended Greek Law 3864/2010, as in force, was at least equal to 50 per cent.

For the shares mentioned under (a) and (b) above, the HFSF may vote in the General Meeting only for decisions amending the statutes, including capital increases or capital decreases or the provision of the relevant authorisation to the board of directors, merger, division, conversion, revival, extension of term or dissolution of the company or the transfer of assets, including the sale of subsidiaries or for any other subject matter that requires an increased majority, as provided for by Greek Law 2190/1920, as in force (and, as of 1 January 2019, as provided for by Greek Law 4548/2018, by which Greek Law 2190/1920 will be repealed as of 1 January 2019). For the purposes of calculating both the quorum and the majority at the General Assembly, these shares are not taken into account when deciding on matters other than the above issues.

Even in cases where the above-mentioned restrictions are in force the HFSF will fully exercise the voting rights attached to those shares under points (a) and (b), without the above-mentioned restrictions, as long as it is established by a decision of the General Council of the HFSF that the Bank has failed to fulfil essential obligations provided for in the restructuring plan or described in the relationship framework agreement of Article 2 of Greek Law 3864/2010, as amended and in force. Any disposal of shares by the HFSF to private sector investors that takes place, either pursuant to sale of the HFSF's participation or following the exercise of warrants issued by the HFSF, shall be deemed to result in a reduction in the participation of the HFSF with regards first to the shares upon which the HFSF exercises limited voting rights. The HFSF is represented by one member in the credit institution's Board of Directors. The HFSF's representative in the Board of Directors shall have the following rights, which shall be exercised taking into account the business autonomy of the credit institution:

- (a) to call the General Assembly of Shareholders;
- (b) to veto any decision of the credit institution's Board of Directors:
 - (i) regarding the distribution of dividends and the benefits and bonus policy concerning the Chairman, the Chief Executive Officer and the other members of the Board of Directors, as well as any person who exercises general manager's powers and their deputies;

- (ii) where the decision in question could seriously compromise the interests of depositors, or impair the credit institution's liquidity or solvency or its overall sound and smooth operation (e.g. business strategy, asset/liability management, etc);
 - (iii) related to corporate actions of par. 3 of Article 7a, which might substantially influence the HFSF's participation at the share capital of the credit institution.
- (c) to request an adjournment of any meeting of the credit institution's Board of Directors for three business days, until instructions are given by the HFSF's Executive Board. Such right may be exercised by the end of the meeting of the credit institution's Board of Directors;
 - (d) the right to request that the Board of Directors of the credit institution be convened;
 - (e) the right to approve the appointment of the Chief Financial Officer; and
 - (f) to have free access to all books and records of the bank with executives and consultants of its choice.

The HFSF, with the assistance of an independent consultant of international reputation and established experience and expertise, shall evaluate the corporate governance arrangements of credit institutions with which the HFSF has signed relationship framework agreements and especially the boards, the board committees as well as other committees of these credit institutions which the HFSF deems necessary to evaluate for the fulfilment of its objectives. The evaluation will extend also to the individual members of the boards and the committees concerned. The HFSF shall evaluate the boards and the committees described above in particular with regards to their size, organisation structure, allocation of tasks and responsibilities assigned to their members, in view of the business needs of the banks and of needs related to the structure of the boards and committees concerned.

The HFSF with the assistance of an independent consultant developed criteria for the evaluation of the above elements and the members of the boards and committees of these credit institutions according to best international practices and develop specific recommendations for changes and improvements in the corporate governance of each credit institution in addition to certain minimum criteria set by the Greek Law 3864/2010, as in force. The members of the boards and committees shall cooperate with the HFSF and its consultants in conducting the review and providing necessary information for the purposes of the review.

Further to the criteria developed by the HFSF (assisted by the independent consultant), the evaluation includes certain minimum criteria, for each member of the board and the committees as set out below:

- (a) at least ten years of experience in senior management positions in the banking, auditing, risk management or management of risk assets sectors, from which, especially for non-executive members, three years as a member of the board of a credit institution or of a company active in the financial sector or in an international financial institution.
- (b) the individual is not, and has not been entrusted in the last four years prior to its appointment, with prominent public functions, such as Heads of State or of Government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, or important political party officials; and
- (c) each individual must declare all financial connections with the bank before being appointed and the competent authority must confirm that the individual is fit and proper for the relevant position.

Additional criteria defining specific skills needed for specific tasks within the board will be determined by the HFSF in cooperation with the independent consultant under the corporate governance review. The criteria will be updated at least once every two years and more often if there is material change in the financial position of the bank. The size and the collective knowledge of the boards and the committees shall reflect the business model and the financial status of the credit institution. Further, the evaluation of the members of the boards and the committees shall secure their proper size and composition. The evaluation of the structure and composition of the boards and committees shall have the following minimum criteria:

- (i) the Bank's Board of Directors includes as non-executive members at least three independent international experts with adequate knowledge and long-term experience of at least 15 years in relevant financial institutions, of which at least three years as members of an international banking group with no activity in the Greek market. These members must not have any affiliation over the previous ten years with Greek financial institutions;
- (ii) the aforementioned independent non-executive members chair all board committees; and
- (iii) at least one board member shall have relevant expertise and international experience of at least 5 years in risk management and/or the management of Non-Performing Loans. This individual focuses on and has as sole power the management of Non-Performing Loans and chairs any special board committee of the credit institution dealing with Non-Performing Loans. In the case that a review or evaluation determines that the subject of the review does not meet the relevant criteria, the HFSF will inform the board and, if the board does not take action to implement the recommendations, it will call a meeting of shareholders to inform them and recommend the necessary changes. The HFSF will send the findings of the review to the competent authorities. In the case of a board or committee member that does not meet the relevant criteria, or of a board which collectively does not satisfy the recommended structure with respect to the size, allocation of tasks and expertise within the board and the necessary changes cannot be achieved otherwise, these recommendations shall include that certain board or committee members need to be replaced. In the event that the shareholders meeting does not agree to replace board members who fail to meet these criteria within three months, the HFSF shall publish a report on its website within four weeks naming the bank, the recommendations and the number of board members that do not meet the relevant criteria and specify the criteria that the board and its individual members do not meet. Nothing in the above changes the obligation of shareholders to ensure that the board and board committees are staffed by members with an appropriate level of experience and competence and acting in the best interests of the bank and all stakeholders.

For the achievement of the objectives of the HFSF and the exercise of its rights, the HFSF defines the outline of the relationship framework agreement or the amended relationship framework agreement with all credit institutions which receive or have received capital support by the EFSF or the ESM. The credit institutions sign the aforementioned relationship framework agreement and provide to the HFSF all information that the EFSF or the ESM might reasonably ask for, with a view to the HFSF transmitting such information to the EFSF or the ESM, except if the HFSF informs the credit institutions that they are under the obligation to transmit said information directly to the EFSF or the ESM. Piraeus Bank's relationship with the HFSF following the completion of the 2013 share capital increase, according to the provisions of Greek Law 3864/2010 as in force at the time, is governed by the Relationship Framework Agreement, as provided in the Memorandum of Economics and Financial Policies, which was executed on 10 July 2013. In view of the

substantial amount of capital injected into the Bank in December 2015 and in order for the HFSF to fulfil its objectives under Greek Law 3864/2010, as in force, exercise its rights and obligations and comply with the commitments undertaken through the Financial Facility Agreement signed on 19 August 2015 by and between the ESM, the Hellenic Republic, the Bank of Greece and the HFSF and through the MoU, the HFSF and the Bank entered into a new Relationship Framework Agreement on 27 November 2015, amending and replacing the initial RFA. In addition to the above-mentioned powers, by virtue of the Relationship Framework Agreement as in force and for the period which the HFSF holds shares or contingent convertible bonds of the Bank, the HFSF's appointed representative has the power, among other things, to include items in the agenda of the General Meeting of its ordinary shareholders, of its Board of Directors and of the above committees of the Bank in which the representative participates. In addition, in accordance with the Relationship Framework Agreement as in force, at least one of the HFSF Representatives is appointed as a member of the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Succession and Nomination Committee of the Board and the Strategy Committee. Such HFSF Representative has the right to include items in the agenda of the meetings of the committee in which he participates and to request the convocation of such committee within seven days from his written request to the chairman of the relevant committee. The HFSF has also appointed an observer (HFSF Observer) who will participate in all Committees of the Bank (but will have no voting rights), as well as in the Board of Directors of the Bank.

Furthermore, in accordance with the Relationship Framework Agreement, the Bank has the obligation to obtain the prior written consent of the HFSF for all material matters set forth in such agreement, including, inter alia, its connected borrowers policy, all material corporate actions (e.g. capital increases, mergers, etc.), material investments or transfers of assets, the management of the Non-Performing Loans, the recruitment policy and appointment of the Board members, its restructuring plan contemplated in Greek Law 3864/2010, as in force, and the appointment of independent auditors.

Under the Relationship Framework Agreement, the Bank's decision making bodies will continue to independently determine the Bank's day to day business, its commercial strategy and policy in accordance with its restructuring plan. The Relationship Framework Agreement remains in force for as long as the HFSF holds either shares or contingent convertible bonds at the Bank, irrespective of the percentage of its holding. The Relationship Framework Agreement may be amended pursuant to Greek Law 3864/2010, as in force.

Resolution Loan

The HFSF may grant a "resolution loan" (as defined in the Financial Facility Agreement of 19 August 2015) to the HDIGF for the purposes of funding bank resolution costs in compliance with EU rules on state aid. For the repayment of such loan the credit institutions participating in the HDIGF are liable as guarantors at the ratio of their contribution either in the Resolution Scheme or in the deposit guarantee scheme, as the case may be. The amount, the time and the way of drawdown on such loan, as well as any other necessary matter in connection therewith, are determined on an *ad hoc* basis by a decision of the Minister of Finance, following a request by the HDIGF and the opinion of the Bank of Greece.

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 is not expected 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 business days from the date on which it has been determined that 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 within three months after delivery by the HDIGF to the Bank of Greece of the relevant decision/judgement, in accordance with the procedure and subject to the conditions set out in Greek Law 4370/2016, as in force.

In case of emergency and until the grant of the above resolution loan, the deposit guarantee scheme of the HDIGF may pay in advance, temporarily, to the Resolution Scheme, by way of loan, the necessary funds in order to cover the expenses for the funding of the resolution of banks by the Resolution Scheme.

REGULATION AND SUPERVISION OF BANKS IN GREECE

The Bank of Greece is the central bank and is responsible for the licensing and supervision of credit institutions in Greece, in accordance with Greek Law 4261/2014 (*Law Implementing in Greece the CRD IV*), Greek Law 4335/2015 (*Law Implementing in Greece Banking Recovery and Resolution Directive*), Greek Law 4370/2016 (*Law Implementing in Greece the Deposit Guarantee Scheme Directive*), Greek Law 4557/2018 (*Anti Money Laundering*), Greek Law 4537/2018 (*Payment Services*) and other relevant Greek laws, each as amended.

The Bank of Greece constitutes the Greek competent national authority for the purposes of the CRD IV, the BRRD and other EU legislation on the supervision and resolution of credit institutions.

Regulation of the banking industry in Greece has changed in recent years as Greek law has changed largely to comply with applicable EU directives. In August 2007, the EU directives regarding the adoption of the capital adequacy framework (**Basel II**) were incorporated into Greek law relating to the business of credit institutions and to the capital adequacy of investment firms and credit institutions. Following this, on 20 August 2007, the Bank of Greece issued ten Governor's Acts specifying the details for the implementation of Basel II, which took effect from 1 January 2008. A number of amendments to the regulatory framework were effected, altering the Group's capital requirements, for the implementation of the EU Directive 2009/111/EC (**CRD II**) and the EU Capital Requirements Directive III (**CRD III**) as discussed below under "*Regulation and Supervision of Banks in Greece - Guidelines for Risk-based Capital Requirements*".

Further, the Greek Government revised the terms of the Hellenic Republic Support Scheme to strengthen Greek banks' capital and liquidity positions. For more information concerning Piraeus Bank's participation in this plan, see above "*The Banking Sector and the Economic Crisis in Greece*". In addition, in response to the unprecedented economic downturn in the Hellenic Republic, in early May 2010, the Greek Government agreed to the First Economic Adjustment. See above "*The Banking Sector and the Economic Crisis in Greece - Economic Adjustment Programmes, the PSI and the Buy-Back Programme*".

Greek Law 4261/2014 has been enacted (published in the Gov. Gazette No. 107/A/5-5-2014), implementing into Greek law the EU Directive 2013/36/EU (**CRD IV**). Greek Law 4261/2014 and the EU Regulation 575/2013 (**CRR**), along with relevant acts issued by the Bank of Greece, form the core legal and regulatory framework of the operation of credit institutions in Greece.

Finally, Greek Law 4335/2015 has been enacted (Government Gazette 87/A/23.7.2015) implementing into Greek Law the EU Directive 2014/59/EU (the **Bank Recovery and Resolution Directive** or **BRRD**) which provides supervising authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The Bank of Greece exercises its competencies subject to the Single Supervision Mechanism (in particular, Regulation 1024/2013 (**SSM Regulation**) and Regulation 468/2014 (**SSM Framework Regulation**)) and the Single Resolution Mechanism (in particular, Regulation 806/2014).

The regulatory framework

Credit institutions operating in Greece are obliged to:

- observe the capital adequacy and liquidity ratios set out in the CRR as well as the countercyclical capital buffer, as set by the BoG on a quarterly basis by virtue of relevant acts of the Executive Committee of the Bank of Greece (such buffer is currently set at zero per cent. for the fourth quarter of 2018 by virtue of Act No. 148/06.09.2018);

- maintain efficient internal audit, compliance and risk management systems and procedures (Act No. 2577/2006 of the Governor of the Bank of Greece, as amended and in force and as supplemented by subsequent decisions of the Governor of the Bank of Greece and of the Banking and Credit Committee of the Bank of Greece);
- submit to the Bank of Greece periodic reports and statements (Act No. 2651/20.01.2012 of the Governor of the Bank of Greece, as amended by Decisions No. 95/10/22.11.2013, 108/1/4.4.2014 and 121/4/30.10.2014 of the Credit and Insurance Issues Committee of the Bank of Greece, and by Acts No. 108/19.12.2016, 112/31.1.2017 133/13.02.2018 and 139/24.04.2018 of the Executive Committee of the Bank of Greece and by Acts 2677/2017, 2678/2017 and 2679/2017 of the Governor of the Bank of Greece);
- provide the Bank of Greece and the ECB with such further information as it may require; and
- (in connection with certain operations or activities) make notifications to or request the prior approval (as the case may be) of the ECB acting in cooperation with the Bank of Greece, in each case in accordance with the applicable laws of Greece and the relevant Acts, Decisions and Circulars of the Bank of Greece.

Under Greek Law 4261/2014 (implementing CRD IV), the Acts of the Governor of the Bank of Greece and other relevant laws of Greece, the Bank of Greece has the power to conduct audits and inspect the books and records of credit institutions. If a credit institution breaches any law or a regulation falling within the scope of the supervisory power attributed to the Bank of Greece, the Bank of Greece is empowered to:

- require the relevant credit institution to take appropriate measures to remedy the breach;
- impose fines (Article 55A of Bank of Greece Articles of Association, as ratified by Greek Law 2832/2000 and as amended by Act No. 2602/2008 of the Governor of the Bank of Greece, and Article 59 of Greek Law 4261/2014, as amended by Article 18 of Greek Law 4484/2017);
- appoint an administrator; and
- where the breach cannot be remedied or in case of insolvency, revoke the license of the credit institution and place it in special liquidation.

If a credit institution lacks sufficient liquidity, the Bank of Greece may order a mandatory extension of its due and payable obligations for a period not exceeding twenty working days (which can be extended for a further ten working days) and appoint an administrator under its supervision. In accordance with Article 55A of Bank of Greece Articles of Association, as ratified by Greek Law 2832/2000 and as amended by Act No. 2602/2008 of the Governor of the Bank of Greece, in addition to other powers to impose sanctions under specific laws, the Bank of Greece has the general power to impose sanctions against credit institutions in case of any breach of any law or regulation falling within the supervisory power of the Bank of Greece. Such sanctions consist of the obligation of the credit institution to make a deposit to the Bank of Greece, amounting to 40 per cent. of the amount of the breach or to €20,000,000 if the breach cannot be evaluated. Alternatively, or in addition to the above, the Bank of Greece may impose a fine amounting to 40 per cent. of the amount of the breach or to €2,000,000, which may be increased to €3,000,000 in case of repetition of the breach. Further, in case of breaches provided for in Article 59 of Greek Law 4261/2014 (implementing CRD IV), the Bank of Greece may, *inter alia*, administer pecuniary penalties of up to 10 per cent. of the total annual net turnover or up to twice the amount of the profits gained or losses avoided because of the breach.

Interest Rates

Under Greek law, interest rates applicable to bank loans are not subject to a legal maximum, but they must comply with certain requirements intended to ensure clarity and transparency, including with regard to their

readjustments (especially as set out in the Act 2501/2002 of the Governor of the Bank of Greece, as in force).

Limitations apply to the compounding of interest. In particular, the compounding of interest with respect to bank loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under Article 30 of Greek Law 2789/2000 (as in force) and Article 39 of Greek Law 3259/2004 (as in force).

Foreign Exchange

Starting in 1991, Greek foreign exchange restrictions were gradually relaxed, and were totally eliminated concurrently with the adoption of the Euro on 1 January 2001. A two per cent. requirement of re-deposit and assignment, which currently applies to deposits in Euro, applies to foreign currency deposits as well.

Under Article 4 of Greek Law 2842/2000, effective 1 January 2001, credit institutions operating in Greece and authorised to enter into foreign currency transactions can freely enter into transactions of any type in foreign currencies and foreign notes, on their own account and at their own risk, in accordance with the provisions in force.

Furthermore, credit institutions operating in Greece publish daily rate bulletins of buy/sell exchange rates of foreign currencies and notes for the purposes of trading with the public. The relevant bid/offer spreads are determined freely. The Bank of Greece publishes daily reference exchange rates of the Euro against foreign currencies based on the corresponding foreign exchange rate bulletins of the ECB.

Capital Controls

The outflow of domestic customer deposits in Greek banks and the rapid deterioration of the economic crisis led to the imposition of a bank holiday and of capital controls by virtue of Legislative Acts dated 28 June 2015 (Government Gazette Issue A 65/28.6.2015) and 18 July 2015 (Government Gazette Issue A 84/18.7.2015) and 31 July 2015 (Government Gazette Issue A 90/31/7/2015), which were ratified by law Article 4 of Greek Law 4350/2015. Although certain restrictions have been gradually relaxed or lifted (e.g. the lifting of restrictions on cash withdrawals within Greece from 1 October 2018), the capital controls regime remains still in force today and its most significant provisions consist of the following:

- The transfer of funds abroad is not permitted, unless approval has been granted on particular grounds by the Banking Transactions Approval Committee or the competent Special Sub-committee founded in each credit institution operating in Greece; by way of exception, as from 1 July 2018 transfer of funds abroad is freely permitted up to the amount of €4,000 per credit institution per customer bi-monthly, subject to a monthly limit per credit institution set by decision of the Banking Transactions Approval Committee.
- As from 1 October 2018, cash withdrawals from credit institutions operating outside Greece (including withdrawals with the usage of credit and prepaid cards issued by credit institutions operating in Greece) are permitted only up to the amount of €5,000 (or the equivalent thereof in foreign currency) per customer, per credit institution, per month.
- The transfer of custody of financial instruments to a custodian outside Greece is not allowed, unless made for the purposes of clearing and settling transactions on such financial instruments.
- The law provides for specific exemptions from the relevant prohibitions and restrictions, including, amongst others, the following:
 - Transfer of funds relating to the management of the liquidity of a credit institution operating in Greece, as well as to payment obligations in the context of managing contracts existing prior 28 June 2015, such as:

- interbank transactions, clearing of transactions through payment cards of international card schemes, margin swap transactions in the context of international contracts ISDA, CSA, GMRA, escrow, and EIB and other collateral transactions with foreign credit institutions, etc.;
 - service of payments relating to instruments and securitizations issued, directly or indirectly, by the credit institution, including coupon payments, repayment of capital for the scope of complying with its contractual obligations or triggering relevant contractual clauses, payments to legal counsels, trustees and paying agents; and
- Repatriation of funds which have been transferred into a deposit account held with a credit institution operating in Greece from abroad as from 18 July 2015.
 - As from 28 September 2018, transfers of funds abroad from legal entities and freelancers in the context of their transactions are permitted up to the amount of €100,000 per client per day, upon submission of the relevant invoices and other supporting documents, accompanied by a solemn declaration that the abovementioned documents are genuine and have not been presented to another credit institution.
 - As from 28 September 2018, transfer of funds abroad constituting profits or dividends deriving from investments in Greece, made through the use of funds which have been transferred into a deposit account held with a credit institution operating in Greece from abroad as from 18 July 2015, are permitted up to 100% of the funds so invested per each year.

Compulsory Deposits with the Central Bank

The compulsory reserve requirement framework of the Bank of Greece is in line with Eurosystem regulations. Reserve ratios are determined by category of liabilities at one per cent. for all categories of liabilities comprising the reserve base, with the exception of the following liabilities to which a zero ratio applies:

- deposits with agreed maturity over two years;
- deposits redeemable at notice over two years;
- repos; and
- debt securities with agreed maturity over two years.

This requirement applies to all credit institutions.

Restrictions on Enforcement of Collateral

According to Greek Law 3814/2010, the forced auctions launched either by credit institutions or by companies providing credit or by their assignees to satisfy claims not exceeding €200,000 were suspended until and including 30 June 2010. Pursuant to Greek Law 3858/2010, and specifically, under Article 40, the above suspension was extended until 31 December 2010; this suspension was subsequently extended until 31 December 2013.

Pursuant to Article 2 of Greek Law 4224/2013, from 1 January 2014 until 31 December 2014, the auction of the debtor's main residence was suspended provided that the following requirements were all met: a) the relevant property was stated as the debtor's main residence in his/her last annual tax statement; b) the value of the residence did not exceed €200,000; c) the annual family income of the debtor did not exceed €35,000 (or €38,500 for families with three children or more or for those with disabilities of more than 67 per cent.);

d) the total value of the debtor's tangible and intangible assets did not exceed €270,000 (or €297,000 for families with three children or more or for those with disabilities of more than 67 per cent.); and e) the total amount of deposits and securities held by the debtor on 20 November 2013, in Greece or abroad, did not exceed €15,000 (or €16,500 for families with three children or more or for those with disabilities of more than 67 per cent.). During this suspension, auction against a guarantor's real property was not permitted. Though above suspension of the auction of a debtor's main residence was not officially extended by law after 31 December 2014, as proven by an announcement of the Hellenic Banking Association, credit institutions operating in Greece voluntarily committed themselves to retain the protection of debtors' main residence, in accordance with Greek Law 4224/2013 until 31 December 2015.

Following the imposition of capital controls regime in Greece, by virtue of Ministerial Decision no. 49214/21-7-2015, as amended, enforcement proceedings, including auctions, were suspended from 14 July 2015 until 31 October 2015.

There is no such restriction of general application currently in force. Suspension of enforcement proceedings is provided for under specific debtor insolvency schemes. Amongst others, under Greek Law 3869/2010, as amended and in force, on the restructuring of debt of individuals enforcement on an individual's primary residence may be suspended under certain conditions. See further "*Risk Factors – Rescheduling of debts of distressed debtors*".

In the context of managing NPLs, the following acts have been recently issued by the Bank of Greece:

- Bank of Greece Executive Committee Act No. 42/30.5.2014, which determines the framework of regulatory obligations of credit institutions in relation to the management of loans in arrears and NPLs, as amended by Bank of Greece Executive Committee Acts No. 102/20.8.2016, 136/02.04.2018 and 134/05.03.2018.
- Bank of Greece Credit and Insurance Committee Act No. 116/1/25.8.2014 for the introduction of a code of conduct for institutions extending credit in Greece as per Greek Law 4261/2014 (including, credit institutions), in implementation of Article 1 of Greek Law 4224/2013, as replaced by Bank of Greece Credit and Insurance Committee Decision No. 195/1/29.07.2016.
- Bank of Greece Executive Committee Act no. 118/ 19.5.2017 (in replacement of former Act no. 95/27.5.2016) was also recently issued, setting out the regulatory framework for credit servicing firms, further determining the procedure and requirements for the establishment and operation thereof in implementation of Articles 1-3 of Greek Law 4354/2015, as replaced by Article 70 of Greek Law 4389/2016 and further amended by the fourth and tenth Articles of Greek Law 4393/2016 and by Article 69 of Greek Law 4549/2018.

Guidelines for Risk-based Capital Requirements

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

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

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

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

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

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

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

Additional capital buffers that CRD IV introduced comprise of the following:

a) Countercyclical buffer.

Credit institutions are required under the CRD IV to build up an additional buffer of 0 - 2.5 per cent. of CET 1 during periods of excess credit growth, according to national circumstances. According to the Acts of the Executive Committee of the Bank of Greece issued during 2017 and 2018, the countercyclical buffer was set at 0 per cent. Pursuant to Executive Committee Act no. 148/06.09.2018 the countercyclical buffer is also set at 0 per cent. for the third quarter of 2018.

b) Global systemic institution buffer (**G-SIIs**).

CRD IV includes a mandatory systemic risk buffer of CET 1 for banks that are identified by the relevant authority as globally systemically important, which is not applicable to Greek banks.

c) Other systemically important institutions buffer.

On 25 April 2016, the EBA published the first list of Other Systematically Important Institutions (O-SIIs) in the EU. O-SIIs are those institutions which are deemed systematically relevant in addition to G-SIIs, already identified. This list reflects also the additional capital buffers that the relevant authorities have set for the O-SIIs. The identification of institutions as O-SIIs is based on 2015 data and going forward updated lists of O-SIIs are disclosed on an annual basis, along with the definition

of any CET 1 capital buffer requirements which may need to be set. Piraeus Bank is included in the 2017 O-SIIs list, setting the O-SII buffer at 1.00% per cent.

On December 7 2017, the Basel Committee on Banking Supervision (the BCBS) published the finalised Basel III reforms under the header “Finalising Basel III post-crisis reforms” (Basel IV). The overall aim of such reforms is to restore credibility in the calculation of risk-weighted assets (RWAs) and improve the comparability of banks’ capital ratios. The finalised Basel III reforms introduce a leverage ratio buffer for global systemically important banks (G-SIBs) which applies in addition to the minimum leverage ratio requirement for all banks: The leverage ratio G-SIB buffer must be met with Tier 1 capital and is set at 50 per cent. of a G-SIB’s risk-weighted higher-loss absorbency requirements. The revised standardised approach, internal models, operational risk framework, and G-SIB shall all become applicable as of 1 January 2022. The revised output floor - set at 72.5 per cent. - however, will be phased in and will only become fully effective as of January 2027 (2022: 50 per cent., 2023: 55 per cent., 2024: 60 per cent., 2025: 65 per cent., 2026: 70 per cent., 2027: 72.5 per cent.). Also, during the first quarter of 2018 European Commission published the Delegated Regulation 2018/171 on supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRD IV) with regard to regulatory technical standards for the materiality threshold for credit obligations past due.

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

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

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

CRD III has been implemented into Greek law by Greek Law 4021/2011, and CRD IV has been implemented into Greek law by Greek Law 4261/2014.

During 2011, 2012 and 2013, the Governor of the Bank of Greece issued a series of Acts (**Bank of Greece Governor’s Acts**) aiming to further strengthen the supervisory framework for credit institutions and incorporate specific EU Directives. Specifically, the Bank of Greece adopted the following acts:

- Bank of Greece Governor’s Act 2645/09.09.2011 (*“Redefinition of calculation rules on capital requirements for securitisation exposures / resecuritisation”*)
- Bank of Greece Governor’s Act 2646/09.09.2011 (*“Update of calculation rules on market risk capital requirements for credit institutions”*)
- Bank of Greece Governor’s Act 2651/20.01.2012 (*“Regulatory data and information that credit institutions are required to report periodically to the Bank of Greece”*)

- Bank of Greece Governor's Act 2655/19.03.2012 ("*Technical criteria relating to the transparency and the disclosure of information relating to the prudential supervision of credit institutions*")
- Bank of Greece Governor's Act 2661/03.07.2012, which amends a number of Bank of Greece Governor's Acts relating to the capital adequacy and the measurement of regulatory capital of exposures and risks of the credit institutions.
- Bank of Greece Executive Committee Act 13/28.03.2013 ("*Determination of Core Tier I for risk-weighted assets*"), pursuant to which the minimum Core Tier I ratio was set at 9 per cent. In addition, credit institutions must maintain a minimum 6 per cent. ratio, which takes into account certain Core Tier I elements and, in particular, the extent to which total preferred shares and contingent convertible securities, if any, exceed Core Tier I elements. The provisions of this Act took effect on 31 March 2013.
- Bank of Greece Executive Committee Act 36/23.12.2013, pursuant to which the full amount of available deferred tax assets will be included in the Core Tier I ratio. The provisions of this Act took effect on 31 December 2013.

Additional Reporting Requirements

The CRR imposes reporting requirements on 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 No. 2651/2012 of the Governor of the Bank of Greece, as amended and in force, as well as recently enacted Acts No. 2677/2017, 2678/2017 and 2679/2017 of the Governor of the Bank of Greece, determining new reporting requirements for credit institutions in Greece, which include the following:

- capital structure, special participations, persons who have a special relationship with the credit institution and loans or other types of credit that have been provided to these persons by the credit institution;
- own funds and capital adequacy ratios;
- capital requirements for credit risk and counterparty credit risk;
- capital requirements for market risk of the trading book (including foreign exchange risk);
- information on the composition of the trading book;
- capital requirements for operational risk;
- large exposures and concentration risk;
- liquidity risk;
- financial statements and other financial information;
- covered bonds;
- combating money laundering and terrorist financing;
- information systems;
- employees;

- branch network; and
- other information.

Further, Act No. 112/21.1.2017 of the Bank of Greece Execution Committee sets out financial reporting in accordance with Regulation (EU) 2015/534 of the ECB.

Piraeus Bank submits periodically (every three months, every six months or annually) to the Bank of Greece a complete set of reports that are required under the regulatory framework both on Piraeus Bank level, as well as on Piraeus Bank Group level. Some of these reports are submitted on a monthly basis on the Piraeus Bank level only.

On January 12 2018 EBA published the final Guidelines on disclosure requirements of IFRS 9 transitional arrangements. The guidelines specify a uniform disclosure template which institutions shall use when disclosing the information on own funds, capital and leverage ratios, with and without the application of transitional arrangements for IFRS 9 or analogous expected credit losses (ECLs). Changes implemented by IFRS 9, have become effective since 1 January 2018, and introduced, among other things, a new model based on expected loss rather than incurred loss. Greek regulators give the option of a five-year implementation period to enable the supervisory capital of banks to fully absorb the impact. This means that 5 per cent. in 2018 will increase to 15 per cent. in 2019, 30 per cent. in 2020, 50 per cent. in 2021, 75 per cent. in 2022 and 100 per cent. in 2023.

Hellenic Deposit and Investment Guarantee Fund

In January 1993, the Greek Parliament (by virtue of Greek Law 2832/2000) adopted and introduced the deposit protection fund (**Deposit Guarantee Fund** or **DGF**). The DGF has now been succeeded by the Hellenic Deposit and Investment Guarantee Fund (**HDIGF**) which is a private entity established by Greek Law 3746/2009, as amended. The HDIGF is administered jointly by the Bank of Greece, the Hellenic Bank Association and the Ministry of Finance.

On 7 March 2016, Greek Law 4370/2016 “*On Deposit Cover Schemes and Deposit and Guarantee Fund*”, was enacted (Government Gazette 37/A/7.3.2016) implementing Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes. Such Greek Law abolished Greek Law 3746/2009.

HDIGF’s purpose is to (a) indemnify depositors of credit institutions participating in the HDIGF, either mandatorily or voluntarily, and failing to comply with their obligations towards their depositors (**Deposit Cover Scheme**) (b) indemnify clients to whom credit institutions offer investment services in case such institutions fail to comply with their obligations under such services, as such services are defined in Greek Law 3606/2007 (**Investments Cover Scheme**), and (c) provide financing under the resolution measures of the Greek BRRD Law (**Resolution Scheme**).

Following the enactment of the Greek BRRD Law, the Resolution Scheme has become Greece’s “Resolution Fund” for the purpose of ensuring the effective application by the Bank of Greece, in its capacity as the country’s resolution authority, of the resolution tools and powers in accordance with the resolution objectives and the principles set out in the Greek BRRD Law.

All credit institutions licenced to operate in Greece, including local branches of credit institutions which have been established in non-EU Member States, must participate in the Deposit Cover Scheme. Participation in the Deposit Cover Scheme entails *ipso jure* participation in the Resolution Scheme.

Each scheme of the HDIGF has its own assets and is funded mainly by the annual/regular contributions and extraordinary contributions of the participating credit institutions, donations, the liquidation of claims and the revenues deriving from the management of its assets. The level of each participant’s annual contribution

is generally determined according to certain percentages applied to the total amount of eligible deposits and the assessment of the risk undertaken by each credit institution. If accumulated funds are not sufficient to cover the claimants whose deposits become unavailable, participants may be required to pay additional contributions up to a maximum amount of 0.5 per cent. of the deposits covered by such credit institution, per year.

The Deposit Cover Scheme should reach a total amount of financing equal to at least 0.8 per cent. of the total covered deposits and the Resolution Scheme a total amount of financing equal to at least 1 per cent. of the total covered deposits of participating institutions, by 3 July 2024.

The Resolution Scheme is funded by the *ex ante* and extraordinary *ex post* contributions collected from participating credit institutions. *Ex post* contributions, are calculated pursuant to a decision of the Bank of Greece in its capacity as the Greek resolution authority. *Ex ante* contributions are calculated depending on the risk profile of credit institutions in accordance with the criteria laid down in the European Commission's delegated act.

Also, pursuant to Article 16 of Greek Law 3864/2010, as amended, the HDIGF may receive a resolution loan from the HFSF to cover its expenses for the funding of resolution procedures. 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.

Greek law initially adopted the minimum level of coverage provided by the EU Directive 1994/19/EC on deposit cover schemes, which amounts to €20,000 per depositor per credit institution. However, following the market developments in 2008, and based on the resolutions of the meeting of the EU Economic and Financial Affairs Council (**ECOFIN Council**) on 7 October 2008, the coverage level was increased to €100,000 until 31 December 2011. Following amendment of Greek Law 3746/2009 by Greek Law 4021/2011, the coverage level is currently set at €100,000 which amount was retained by Greek Law 4370/2016.

In addition to that, however, Greek Law 4370/2016 provides for specific situations, where coverage is in excess of such limit, up to the amount of €300,000. To qualify for this increased protection, the amount in excess of the €100,000 limit must relate to one of the following: a real estate transaction of a private residential property, to sums paid to the depositor in respect of benefits payable under an insurance policy, of compensation for personal injury, for wrongful conviction, benefits paid in connection with disability or incapacity, for termination of employment contract, compensation between spouses, retirement, compensation in respect of a person's death, or inheritance.

The level of coverage extended to credit institution clients relating to the provision of investment services remains at €30,000 per depositor per credit institution.

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 is not expected 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 business days from the date on which it has been determined that 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 within three months after delivery by the HDIGF to the Bank of Greece of the relevant HDIGF

decision determining the entitled beneficiaries-investors, in accordance with the procedure and subject to the conditions set out in Greek Law 4370/2016.

Prohibition of Money Laundering and Terrorist Funding

Greece, as a member of the Financial Action Task Force (**FATF**) and as a Member State of the EU, fully complies with FATF recommendations and the relevant EU legal framework. Greek Law 4557/2018 on the prevention and suppression of money laundering and terrorist funding implemented EU Council Directive 2015/849/EU of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the “*Fourth Anti-Money Laundering Directive*”), 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. The main provisions of Greek legislation on money laundering and terrorist financing are as follows:

- the catalogue of the basic offences on money laundering and terrorist financing activity is expanded including bribery in the private sector;
- entities subject to the law include credit institutions and other financial organisations (including financial institutions, , insurance companies, credit servicing firms of Law 4354/2015, electronic money institutions), as well as credit intermediaries, trusts and gambling service provider companies;
- entities subject to the law include credit institutions and other financial organisations (including financial institutions, insurance companies, credit servicing, firms of Law 4254/2015, electric money institutions), as well as credit intermediaries, trusts and gambling service provider companies;
- credit institutions (and other persons) are required to identify customers, perform customer due diligence on the basis of risk assessment, retain documents and notify authorities of suspicious transactions;
- entities subject to the law should take into consideration lower/higher risk indicators (relating to types of customers, geographic areas, and particular products, services, transactions or delivery channels) provided by the Greek Law 4557/2018 (Annex 1 in conjunction with Article 15 paragraph 2, and Annex II in conjunction with Article 16 paragraph 4). In this context, the implementation of due diligence measures in cases where, for instance a Greek State Authority or business is owned at least 51% by the Greek State is repealed, since such cases are potentially lower-risk. Moreover, the mandatory implementation of enhanced due diligence measures for transactions carried out without the physical presence of the customer and business relationships or transactions established from a distance, without certain safeguards, such as electronic signatures and for products or transactions that might favour anonymity is provided, since they are potentially higher-risk;
- provisions of private law and banking secrecy do not apply to money laundering activities;
- the definition of Politically Exposed Persons (**PEP**) is widened;
- the beneficial ownership status is redefined and a national central beneficial owner registry shall be established providing accurate and up-to-date information on the Ultimate Beneficial Owner Status (**UBOS**) of any natural person(s) who ultimately owns or controls an entity and/or on whose behalf a transaction or activity is being conducted;
- credit institutions and financial organizations can now set up a centralized database for their customers’ legal beneficial owners (residing abroad) allowing registering, storage and exchange of information; and

- the mandate of the competent anti-money laundering national Authority which is responsible, among others, for examining reports filed by banks and other individuals or legal persons with respect to suspicious transactions.

In July 2002, the Greek Parliament adopted Greek Law 3034/2002, which implemented the International Convention for the Suppression of the Financing of Terrorism, with which Piraeus Bank is fully compliant. Additionally, Piraeus Bank complies with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (known as the “*USA PATRIOT Act of 2001*”), which took effect from October 2001 and which has implemented a range of new anti-money laundering requirements on banks and other financial services institutions worldwide.

The Bank of Greece, through its Banking and Credit Affairs Committee, has also issued Decision No. 281/5/2009 on the “*Prevention of the use of the credit and financial institutions, which are supervised by the Bank of Greece, for the purpose of money laundering and terrorist financing*”. Decision No. 281/5/2009, as amended and in force, takes into account the principle of proportionality, the obligations of all credit and financial institutions and FATF recommendations. The decision also reflects the common understanding of the obligations imposed by European Regulation 1781/2006 on the information on the payer accompanying funds transfers to payment service providers of payees. It is noted that the competent Banking and Credit Committee of the Bank of Greece, has not yet issued a Decision incorporating the provisions of Greek Law 4557/2018 and therefore Decision No. 281/5/17.3.2009 on the “*Prevention of the Use of the Credit and Financial Institutions, which are supervised by the Bank of Greece, for the Purpose of Money Laundering and Terrorist Financing*” and the Committees’ relevant Decision is still in force.

Equity Participation by Banks

Banks must follow certain procedures regarding holdings in other companies. Under Greek Law 4261/2014, credit institutions may not have a qualifying holding, the amount of which exceeds 15 per cent. of its own funds in an undertaking, that is not a credit institution, a financial institution, an insurance or re-insurance company, an investment firm or an undertaking carrying on activities which are a direct extension of banking or concern services ancillary to banking. The total amount of a credit institution’s qualifying holdings in such undertakings may not exceed 60 per cent. of its own funds. A “qualifying holding” means a direct or indirect holding in an undertaking which represents 10 per cent. or more of the capital or the voting rights, or which makes it possible to exercise a significant influence over the management of that undertaking.

To calculate these thresholds, the following shares or holdings are not taken into account:

- shares or holdings that are held by the credit institution as a result of credit support to an undertaking in distress for a period of one year (that may be extended for one more year following a resolution of the Bank of Greece);
- shares or holdings that are held as a result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period;
- shares or holdings that are held on behalf of a third party; and
- shares or holdings included in the trading book of the credit institution.

The above thresholds or the time limits referred to above may be exceeded in exceptional cases following a decision of the Bank of Greece to that effect, provided that the credit institution either increases its own funds or takes equivalent measures. The Bank of Greece may also allow the thresholds and the time limits to be exceeded, provided that the excess is fully covered by own funds which are not taken into account for the calculation of the capital adequacy ratio.

According to Act No. 2604/2008 of the Governor of the Bank of Greece, credit institutions must obtain central bank approval to acquire or increase a qualifying holding in the share capital of credit institutions, financial services companies, insurance and re-insurance companies, information technology and financial data collection processing companies, asset and liability management companies, venture capitals, real property management companies, paying systems management companies and external credit assessment institutions. The provisions of such Act do not apply to branches of credit institutions with their registered seat in a country of the European Economic Area, or outside the European Economic Area provided that the Bank of Greece has recognised the equivalency of their supervisory regime. For the purposes of the aforementioned Act a “qualifying holding” means a direct or indirect holding in an undertaking which represents 10 per cent. or more of the capital or the voting rights, or which makes it possible to exercise a significant influence over the management of the undertaking. Any “indirect holding” means the one held by a subsidiary of the credit institution.

Prior approval for the acquisition or increase of a qualifying holding is not required in any of the following circumstances:

- (1) If the value of the qualifying holding does not exceed, in the aggregate, taking into account any increases effected within the same calendar year, two per cent. of the credit institution’s own funds, as calculated on the basis of the data for the immediately preceding calendar quarter.
- (2) If the value of the qualifying holding amounts to, in the aggregate and taking into account any increases effected within the same calendar year, between two per cent. and five per cent. of its own funds as calculated on the basis of the data for the immediately preceding calendar quarter, provided that:
 - the capital adequacy ratio (on a consolidated basis), after calculating the influence of such qualifying holding, exceeds the minimum ratio required by law plus (i) one percentage point in the case of credit institutions having the status of a *société anonyme* and (ii) five percentage points in the case of cooperative banks; and
 - the ratio of the core or Tier 1 capital to the assets of the credit institution amount at least to six per cent.
- (3) If the acquisition or increase of the qualifying holding:
 - is a result of investments made by investment companies of Greek Law 3371/2005 or real estate investment companies of Greek Law 2778/1999; or
 - is the result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period; or
 - is effected without the direct or indirect disposal of funds, with the exception of exchange of shares in case of credit institutions’ mergers (which, in such case the provisions of paragraphs (1) and (2) above apply).

The value of qualifying holdings under paragraph (3) is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (1) and (2) above.

- (4) If the acquisition or increase of the qualifying holding in an undertaking is supervised by the Bank of Greece, provided that such holding is subject to approval pursuant to the general provisions regarding the establishment and operation of such undertaking and the suitability of its shareholders. The value of such qualifying holding is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (1) and (2) above.

It is not clear if and to what extent above Act No. 2604/2008 of the Governor of the Bank of Greece continues to apply under the CRD IV regime. In particular, pursuant to Article 89 of Regulation 575/2013 competent authorities of EU Member States shall publish their choice on the requirements applicable to acquisitions by credit institutions of qualifying holdings in other companies, based on the choices made available in Article 89 of Regulation 575/2013. Pursuant to Decision 114/04.08.2014 of its Credit and Insurance Affairs Committee, the Bank of Greece has elected option (a) as referred in paragraph 3 of Article 89 of Regulation 575/2013. In particular, in respect of (i) a qualifying holding exceeding 15 per cent. of the eligible capital of a bank in undertakings outside the financial sector and (ii) a total amount of qualifying holdings exceeding 60 per cent. of the eligible capital of a bank in undertakings outside the financial sector, Bank of Greece elected the option by virtue of which, for the purpose of calculating the capital requirement in accordance with the provisions of the Regulation 575/2013, banks shall apply a risk weight of 1.250 per cent. to the greater of the amount of qualifying holdings referred to under (i) above in excess of 15 per cent. of eligible capital of the bank and the total amount of qualifying holdings referred to under (ii) above that exceed 60 per cent. of the eligible capital of the bank.

Subject to EU regulations, new and significant holdings (concentrations) must be reported to the Greek Competition Commission according to Greek Law 3959/2011, as in force.

The HCMC and ATHEX must be notified once certain ownership thresholds are crossed with respect to listed companies.

Payment Services Directive (PSD)

EU Council Directive 2007/64 on payment services established uniform rules on electronic payments (for example, debit card payments or monies transfer) in 30 European countries (EU Member States, Iceland, Norway and Lichtenstein). PSD sets forth information to be furnished to payments services users and renders such payments faster and safer.

EU Council Directive 2007/64 was incorporated in Greek law by Greek Law 3862/2010, according to the provisions of which any payment service provider, including Piraeus Bank, must ensure easy access to a minimum of information and transparency concerning the respective payment services, as per the terms and conditions further provided for in such Greek Law. The provisions of Greek Law 3862/2010 regulate banking activity in aspects such as the transparency of the terms, notification requirements, contracts, provision of payment services, refunding, credit to the beneficiary, etc. The new legal framework includes a series of provisions protecting the rights of payment services users.

On 23 December 2015, Directive 2015/2366 “*on payment services in the internal market*” (**PSD II**) was published in the Official Journal, repealing Directive 2007/64/EC (with effect from 13 January 2018) on payment services in the internal market and entered into force on 13 January 2016. PSD II which, *inter alia*, extends the scope of application of PSD should be transposed into national law by all Member States two years after the date of entry into force, i.e., by 13 January 2018. The European Council has also adopted Regulation 2015/751 on interchange fees for card-based payment transactions.

PSD II was incorporated into Greek law by Greek Law 4537/2018, effective as from 15 May 2018 (unless otherwise explicitly specified in its provisions), which included, *inter alia*, the following provisions:

- The scope of application covers all transactions where one party is in an EU member state (1-leg transactions), irrespective of the currency. Purchase of goods and services via telecom-operators is also included in its scope.
- A wider range of payment providers is introduced, including Payment Initiation Service Providers (**PISP**) and Account Information Service Providers (**AISP**).

- Transparency and information requirements for payments, as well as settlement of disputes, prohibition of surcharges for card payments, enhanced consumer protection against fraud and clarification of parties' liability in case of misappropriation of payments.
- The Hellenic General Secretariat of Trade and Consumer Protection is appointed as competent authority to handle complaints of payment services users and of other interesting parties (i.e. consumer associations).

MiFID-MiFID II-MiFIR

EU Council Directives 2004/39 and 2006/73 and Council Regulation 1287/2006 on investment services or the Markets in Financial Instruments Directive (the **MiFID**) were introduced in Greece by Greek Law 3606/2007 (the **MiFID Law**) and subsequent decisions of the Hellenic Capital Market Committee as well as Bank of Greece Governor's Acts. Relevant provisions introduced significant changes with a view to improving the legal framework of investment services: investment services providers must categorise their clients as per the latter's risk profile, offer increased transparency on their fees and expenses payable by clients, ensure timely forwarding of clients' orders concerning transactions under the ATHEX, locate and prevent interest conflicts, and other relevant matters.

Directive 2014/65/EU on Markets in Financial Instruments repealing Directive 2004/39/EC and the Regulation 600/2014 on Markets in Financial Instruments, commonly referred to as **MiFID II** and **MiFIR** respectively, were adopted by the European Parliament and the Council of the European Union on 15 May 2014 and published in the EU Official Journal on 12 June 2014 with effect from 3 January 2017, subject to certain exemptions. However, the implementation date for MiFID II has been extended until 3 January 2018. The new framework aims to make financial markets more efficient, resilient and transparent by, *inter alia*, introducing a safer market structure framework, increasing the equity market transparency, providing for strengthened supervisory powers, improving conditions for competition in the trading and clearing of financial instruments, introducing trading controls for algorithmic trading activities, introducing better organisational requirements for a stronger investor protection strengthening the existing regime to ensure effective and harmonised administrative sanctions and granting access to EU markets for firms from third countries.

MiFID II was introduced in Greece by Greek Law 4514/2018 (published in Government Gazette 14/A/30.01.2018 and 16/A/31.01.2018), having retro-active effect as from 3 January 2018. In furtherance to the implementation of MiFID II, following Acts of the Execution Committee of the Bank of Greece were issued:

- No. 146/13.07.2018 on the requirements for the registration in the Bank of Greece registry of persons providing investment services on behalf of credit institutions as tied agents pursuant to Article 29 of Greek Law 4514/2018; and
- No. 147/27.07.2018 on the framework for safeguarding financial instruments and funds belonging to clients and product governance obligations.

Mortgage Credit Directive

European Directive 2014/17 on credit agreements for consumers relating to residential immovable property was adopted on 4 February 2014. This Directive aims to create a European Union-wide mortgage credit market with a high level of consumer protection. It applies to both secured credit and home loans. However, this Directive does not apply to credit agreements existing before 21 March 2016.

The main provisions include consumer information requirements, principle based rules and standards for the performance of services (e.g. conduct of business obligations, competence and knowledge requirements for staff), a consumer creditworthiness assessment obligation, provisions on early repayment, provisions on

foreign currency loans, provisions on tying practices, some high-level principles (e.g. those covering financial education, property valuation and arrears and foreclosures) and a passport for credit intermediaries who meet the admission requirements in their home Member State.

The deadline for the transposition of this Directive was 21 March 2016. Greece transposed such Directive through Greek Law 4438/2016 (Government Gazette 220/A/28.11.2016). In furtherance of Greek Law 4438/2016, the Act no. 137/16/04/2018 of the Execution Committee of the Bank of Greece was issued setting out the requirements for the licensing and the supervision of mortgage credit brokers.

THE MORTGAGE AND HOUSING MARKET IN GREECE

The Greek housing loan market was deregulated in the early 1990s. This allowed both domestic and foreign commercial banks to rapidly establish themselves in this market as well as in the broader region of South-Eastern Europe. The four largest lenders in the Greek residential mortgage market are the National Bank of Greece, Alpha Bank, Piraeus Bank and Eurobank, together accounting for close to 99 per cent of the total market as at end of December 2016, holding approximately one quarter each. *(Source: Bank of Greece and published financial statements of each bank.)*

In the years following Greece's adoption of the Euro, households took advantage of the prevailing downward convergence of borrowing costs and the stable macroeconomic environment to increase their leverage. The residential mortgage market thus experienced growth of 25 per cent. per annum in the period from 2000 to 2009 and mortgage credit increased from 11 per cent. of GDP in 2001 to around 34 per cent. by the end of 2009.

The global credit crunch and the global financial crisis effectively ended this rapid expansion, and 2009 saw the mortgage loan growth rate in Greece decelerate to 3.7 per cent. per annum from an increase of 12 per cent. per annum in 2008 and 21 per cent. per annum in 2007. The Greek crisis that followed the international one resulted in unprecedented GDP contraction in Greece (with approximately a 25 per cent. GDP decrease on a cumulative basis) and had a significant impact on disposable income, employment and propensity to invest in real estate property, which was also related to a heavy tax burden. Combined with stricter lending criteria that the Greek banking sector applied, mortgage market outstanding balances declined from €80.2 billion at the end of 2009 to €61 billion at the end of 2016 and €58.4 billion at the end of 2017.

At the end of 2014, the real estate market was gradually showing signs of improvement but the political and economic conditions that followed in 2015, as well as capital restrictions imposed in June of the same year, reinstated uncertainty and destabilized the market. New fiscal measures, the expected GDP contraction as a consequence and uncertainty about the future are the basic barriers to real estate growth.

Since 2009, house prices have dropped about 39 per cent., while in major city centres such as Athens and Thessaloniki, prices have fallen by approximately 40 per cent. During 2016, house prices declined at an average annual rate of 2.4 per cent. compared with a decrease of 5.1 per cent. in 2015 and 7.5 per cent. in 2014, respectively. According to the latest trend, Piraeus Bank expects a stabilization in prices which might lead potential buyers, that were expecting a further price decline, to proceed to a house purchase.

Piraeus Bank held approximately 24 per cent. of the total mortgage market in Greece as at the end of 2016 and 25.4 per cent. at the end of 2017.

Regarding customer satisfaction, the Bank conducts frequent surveys held either by the marketing department or by a special team called "voice of the customer". Furthermore, in order to increase performance and better allocate capacity, along with improvement of customer satisfaction, the bank is adopting a quality management reporting tool by which several KPIs will be monitored under an SLA agreement between involved in the mortgage process departments. In addition, Piraeus Bank started rewarding performing mortgages with the Yellow Program, through which its customers are able to redeem their bonus points at collaborating businesses (for example, supermarkets and department stores).

Mortgage Products

The Greek mortgage market offers fairly standard products. More sophisticated products may be designed, especially for affluent and private banking customers, driven by demand and competition among lenders.

The mortgage product mix that most banks offer consists of the following:

- (a) floating rate mortgages, based on EURIBOR (either 1 month or 3 months);

- (b) fixed rate mortgages for an initial period (for example, for two, three, five, 10 or 15 years) converting to a floating rate based on EURIBOR thereafter; and
- (c) preferential floating rate mortgages granted in favour of the banks' employees.

In the past, the following products were offered on the Greek mortgage market and are present in the outstanding mortgage portfolios from previous years' disbursements:

- (a) floating rate mortgages, based on LIBOR (loans denominated in Swiss francs);
- (b) mortgages with a discounted fixed rate for an initial period of either one or two years, converting to a floating rate thereafter (the vast majority of those loans have converted to a floating rate);
- (c) long-term fixed rate mortgages; and
- (d) mortgages with floating rates which were subsidised up to a certain amount and for a specific period of time either by the Greek State and/or by OEK.

Typically, mortgage loans have an average term of 20 years, with a maximum term of 40 years, mostly applicable to the "back book" (i.e. mortgages granted up to 2010) and in the case of term extensions. Currently, most banks offer a maximum tenor of 30 years for new loans. Annuity loans are the most common form of repayment, while interest-only loan account for a very small proportion of total loans.

The Greek Housing Market

The Greek housing market is characterised by very low turnover: strong family ties keep the younger generation with their parents until their first home purchase, which usually accompanies marriage.

Home ownership within Greece is highest in the regions outside Athens and lowest in Athens, and the ownership of second homes is quite common.

The most common type of property is the apartment, followed by maisonettes and detached houses.

Security for Housing Loans

In Greece, security for housing loans is created by establishing a mortgage. A mortgage can be established by a notarial deed (or by a judicial decision, or by law in special cases). The establishment of a mortgage by notarial deed is quite costly and is therefore not preferred by banks and borrowers. Instead, banks generally obtain a pre-notation of a mortgage, which is an injunction over the property entitling its beneficiary to obtain a mortgage as soon as a final judgment for the secured claim has been obtained, but which is valid as of the date of the pre-notation. From the perspective of enforceability, ranking of the security and preferred right to the proceeds of the auction, there is no difference between a holder of a mortgage and a holder of a pre-notation of a mortgage, since the latter is treated as a secured creditor of the property. Both the holder of a pre-notation of a mortgage and a mortgagee need an enforcement right before commencing enforcement procedures. The difference between them is that the pre-notation is a conditional security interest whose preferential treatment is subject to the unappealable adjudication of the claim it purports to secure, whereas a mortgagee's claim is enforceable pursuant to the mortgage deed itself.

Establishing a pre-notation is the most common way of establishing security for a housing loan in Greece.

The pre-notation, as a form of injunction, can be established with or without the consent of the owner(s) of the property on which the pre-notation will be established, but is only granted pursuant to a court decision.

The procedures adopted by lenders of housing loans in practice have led to an arrangement whereby pre-notations are granted "by consent", where both the lending bank and the owner of the property over which

the pre-notation will be established (i.e. the borrower, guarantor or a third party), appear before the competent court and consent to the establishment of the pre-notation on the specific real estate property. The court issues the decision immediately (in fact, the decision is drafted beforehand by the lending bank and is certified and signed by the judge who hears the claim).

Having a certified copy of the court decision and a summary thereof, the lawyer of the lending bank takes them to the Land Registry or the Cadastre, where applicable, along with a written request for the issuance (by the Cadastre or the Land Registry) of certificates confirming:

- (a) the ownership by the person that consented to the granting of the pre-notation (i.e. the borrower, guarantor or third party) of the mortgaged property;
- (b) the registration and ranking of the pre-notation;
- (c) the absence of (judicially raised) claims of third parties against the current and all previous owner(s) of the mortgaged property; and
- (d) any other mortgages, pre-notations or seizures preceding the pre-notation registered by the bank.

At the same time, the bank's lawyer effects a search in the Cadastre or the Land Registry, in order to confirm the uncontested ownership of the person that consented to the granting of the pre-notation (i.e. the borrower, guarantor or third party, as the case may be) and the first priority nature of the mortgage or pre-notation, before the loan can be disbursed.

Once the certificates are issued, they are reviewed by the bank's legal department and are included in the borrower's file. The legal review of both the ownership titles and the pre-notation registration is based on public documents, i.e. on notarial deeds and certificates issued by the competent Land Registries or Cadastres, where applicable. The history of the ownership titles for the previous 20 years is examined (which is the period for adverse possession). Such a review together with a titles search in the Cadastre or the Land Registry, precedes the approval of the loan. Upon registration of the pre-notation, a second titles search is made to confirm the *status quo*.

Enforcing Security

Without prejudice to the procedures required under the Code of Conduct, it is Piraeus Bank's policy to commence enforcement proceedings once an amount remains unpaid under a loan for more than 180 days, at which point, the loan is terminated. Once a loan is in default for more than 180 days, a notice of termination of the loan is served on the borrower and on the guarantors (each borrower being, in respect of a Loan, the individual specified as such in the relevant mortgage terms together with each individual (if any), such as a guarantor, who assumes from time to time an obligation to repay such Loan (the **Borrower**)), if any, informing them of this fact and requesting the persons indebted to an immediate payment of all amounts due. Following the service of notice of termination of the loan on the Borrower and in the case of continued non-payment, a judge of the competent Court of First Instance (i.e. the Single Member Court of First Instance or the Magistrate's Court, as the case may be), is presented with the case upon which the judge issues an order for payment to be served on the Borrower together with a demand for immediate payment. Service of the order (that must take place within two months after its issuance) and demand for payment is the first action of enforcement proceedings. Three business days after serving the payment order and demand, the property can be seized and the auction process starts, as described below.

Following recent amendment of the GCCP by virtue of Article 1 internal articles one to nine of Greek Law 4335/2015 (published in Government Gazette 87/A/23.7.2015), the following apply in relation to enforcement proceedings commencing from 1 January 2016 onwards and in respect of demands for immediate payment served to the debtor after 1 January 2016:

The Borrower, after being served the order for payment, is granted 15 business days (or 30 business days if the Borrower resides abroad or the borrower is of unknown residence and has appointed a process agent in Greece), to contest the validity of the order for payment, either on the merits of the case or on the ground of procedural irregularities.

This can be done by filing an Article 632 of the GCCP Annulment Petition before the competent Court of First Instance (in short, **632/Annul**) contesting the substantive or procedural validity of the order of payment). The filing of an 632/Annul entitles the Borrower to file a petition for the suspension of the enforcement against the relevant property pursuant to Article 632 of the GCPP (the **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 an 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 632/Annul. The Court has the right to request a guarantee from the Borrower in order to grant suspension.

If the competent Court of First Instance decides that the 632/Annul has no grounds and rejects this, the suspended enforcement procedures can continue. In case an appeal is filed against the decision of the competent Court of First Instance in respect of the 632/Annul, 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 decision (if the Court considers that the appeal is likely to succeed), which means an additional delay in enforcement proceedings of approximately two years. The procedure can take up to approximately five to six years from the filing of the Article 632 Suspension Petition if the borrower requests adjournments of the hearing of the 632/Annul before the Court of First Instance and Court of Appeal (or the Single Member Court of First Instance acting as a Court of Appeal), as the case may be, up until the decision of the latter.

In the experience of Piraeus Bank, it is highly unusual that a suspension of enforcement proceedings is granted by the Court of Appeal (or the Single Member Court of First Instance acting as a Court of Appeal, as the case may be) if the initial suspension was granted up until the decision of the First Instance Court.

If the Borrower fails to contest the order for payment, the order may be served again on the Borrower and a further 15 business days are available to the Borrower to file a petition of annulment against the order for payment pursuant to Article 633 of the GCCP (in short, **633/Annul**) 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 of Appeal (or the Single Member Court of First Instance acting as a Court of Appeal as the case may be) rejects the 632/Annul or the 633/Annul.

This will result in the Bank acquiring a final deed of enforcement and then the relevant pre-notation, for the loans covered, must be converted into a mortgage within 90 days.

The Borrower may also file with the competent Court of First Instance (i.e. the Magistrate's Court or the Single Member Court of First Instance, as the case may be) an Article 933 of the GCCP Annulment Petition (in short, **933/Annul**) for annulment of certain actions of the foreclosure proceedings based on reasons pertaining to the validity of the order for payment, the claim to the satisfaction of which the enforcement proceedings have been initiated and/or procedural irregularities. The 632/Annul, 633/Annul or 933/Annul may be filed either concurrently or consecutively, but it should be noted that the 933/Annul may not be based on reasons pertaining to the validity of the order for payment 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 a 933/Annul varies depending on the foreclosure action that is being contested. In particular a 933/Annul should be filed within 45 days as from the date of attachment of the Borrower's property, except for a 933/Annul 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 933/Annul must be heard the latest within 60 days from its filing and the Court must issue its decision within 60 days from the hearing date.

The filing of a 933/Annul itself does not entitle the Borrower 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 court decision in respect of a 933/Annul 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 933/Annul entitles the Borrower 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 pursuant to Article 937 of the GCCP (**Article 937 Suspension Petition**). Such suspension may be granted if the Court consider that the appeal is likely to succeed and the Borrower 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 Borrower seeks the suspension of the auction, should be filed the latest 5 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 Borrower may seek the postponement of the auction by alleging that the value of the property has been underestimated by the enforcing party or that the fixed first offer is too low. The relevant petition should be filed at least fifteen business days prior to the auction and the relevant decision is issued by 12.00 pm on the date which falls eight days prior to the auction. 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 GCCP, as amended by Article 207 para. 4 of Greek Law 4512/2018). The evaluation of the property cannot be less than the property's "commercial value", as calculated in accordance with presidential decree 59/2016 (published in Government Gazette 95/A/27.5.2016). 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 Borrower. Furthermore, suspension of the auction for up to six months may be sought by the borrower, pursuant to Article 1000 of the GCCP, on the grounds that there is a good chance of the borrower being able to satisfy the enforcing party or that, following the suspension period, a better offer would be received at auction.

Once the allocation of proceeds amongst the creditors of the Borrower has been determined pursuant to a deed issued by a notary public, the creditors of the Borrower 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 pursuant to Article 979 in conjunction with Article 1006 para. 3 of the GCCP. 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 could 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 (Article 980 para. 2 in conjunction with Article 1006 para. 3 of the GCCP).

The actual auction process is started with seizure of the property, which takes places three business days after the order for payment is served on the Borrower. The seizure statement that is issued by the bailiff who

performs it, contains the auction date (a Wednesday, Thursday or Friday which is also a business day, with the auction taking place between 10:00 and 14:00 hours or between 14:00 and 18:00 hours Athens time) which, in respect of demands for immediate payment served to the debtor after 1 January 2016, should take place within 7 months from the date of completion of the seizure and in any case no later than 8 months from the completion of the seizure (or within a deadline of 3 months since the continuation statement, in case the auction does not take place on the initial date) and the notary public who will act as the auction clerk. At this point all mortgagees (including those holding a pre-notation) are informed of the upcoming auction.

Auctions may not take place between 1-31 August and the weeks before and after the date of any national, municipal or European elections (pursuant to Article 998 para. 2 of the GCCP, as replaced by Article 207 para. 15 of Law 4512/2018).

Following the amendment of the GCCP by Greek Law 4512/2018 (published in Government Gazette 5/A/17.1.2018), as from 21 February 2018 onwards, the auction takes place exclusively through the use of electronic means, in particular through the use of the electronic auction platform (e-auctions.gr), under the responsibility of a certified notary public (acting as auction clerk) of the district of seized property (or if not available for any reason, of the district of the place of execution place or, if again not available for any reason, before an Athens notary public) under the responsibility of a competent notary public acting as auction clerk. The relevant process is detailed in Article 959 of the GCCP (as replaced by para. 6 of Article 207 of Greek Law 4512/2018), as further specified by Decision no. 41756/26.5.2017 of the Minister of Justice, Transparency and Human Rights (published in Government Gazette 1884/B/30.5.2017). It is noted that the very first e-auction in Greece, was conducted on April 27 2018.

Each bidder must submit a bank guarantee or banker's draft for an amount equal to 30 per cent. of the starting price of the auctioned property and declare his/her attendance in the auction by 15.00 2 business days prior to the auction date. By 17.00 on the date preceding the auction date, the auction clerk registers with the electronic auction platform a list of the bidders entitled to participate in the auction.

In the auction, the property is sold to the highest bidder who then has 10 business days to pay the auction price along with the fees for the use of the electronic auctioning platform which burden the highest bidder. Once the price of the property is paid, the notary public prepares a special deed listing all the creditors and allocating the proceeds of the auction. Each creditor must announce its claim to the notary public by no later than 15 days after the auction and submit all documents proving such claims, otherwise the notary public will not take his claim into account. Once the allocation of proceeds amongst the creditors of the Borrower has been determined pursuant to a deed issued by a notary public, the creditors of the Borrower 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. The competent Court of First Instance adjudicates the matter but the relevant 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). The hearing date of the petition contesting such deed must be obligatory set within 60 days from its filing (or within 120 days in case of the creditor residing abroad). This procedure may delay the collection of proceeds. This can further delay the time at which the Bank finally receives the proceeds of the enforcement of 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 such creditor provides a letter of guarantee securing repayment of the money in the event that such challenge is upheld.

Following two unsuccessful auctions, a petition may be filed by any interested party for a new auction date to be set, with the same or a lower fixed first price, or for a permission for a direct sale of the property at a price to be determined by the court (in accordance with para. 2 of Article 966 as amended by Article 23 of Greek Law 4549/2018). A recent valuation report of the auction property, dated after the date of the last auction, should be submitted on the hearing date which is set within 8 business days as from the date of the filing of the petition, while the relevant court decision is issued within 8 business days as from the hearing date.

Under Greek Law 3869/2010 as amended and in force on the restructuring of debt of individuals, enforcement on an individual's primary residence may be suspended under certain conditions. See "*Risk Factors – Rescheduling of debts of distressed debtors*".

The proceeds of an auction following enforcement against a property securing a loan are allocated in accordance with Article 975 (as recently replaced by Article 1 Article eighth par. 2 of Greek Law 4335/2015 with respect to enforcement proceedings initiated from 1 January 2016 onwards), Article 976, Article 977 (as recently replaced by Article 1 Article eighth par. 2 of Greek Law 4335/2015 with respect to enforcement proceedings initiated from 1 January 2016 onwards) and Article 977A (added through Article 176 para. 1 of Greek Law 4512/2018) of the GCCP.

These Articles require the notary public who acted as the auction clerk to deduct from the proceeds the expenses (including legal, bailiffs and notarial fees) incurred in connection with the enforcement proceedings. Following such deduction, the proceeds are allocated among participating creditors, depending on their classification; in particular:

- (a) creditors enjoying general privileges 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 in the previous 12 months, as well as compensation claims against the borrower of persons suffering disability at the level of 80 per cent. or more, with the exception of moral suffering damages, arising until the time of the auction or the declaration of bankruptcy;
 - (ii) costs for the nourishment of the borrower and his family arising in the previous six months prior to the auction date or the 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 withholding taxes or attributable 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 arising out of any cause, including interests and surcharges; and
 - (v) claims by the Athens Stock Exchange Members' Guarantee Fund (if the borrower is or was an investment services company within the meaning of Greek Law 3606/2007) arising in the previous two years before the date of the auction or the declaration of bankruptcy (this should not be relevant for any borrower).
- (b) secured creditors through a mortgage or a mortgage pre-notation over the property; and
- (c) unsecured creditors.

Article 977A of the GCCP introduced as from 17 January 2018 new allocation rules in respect of new claims created as of 17 January 2018 and onwards, if such claims are secured through a mortgage or mortgage prenotation over the property which was not subject to any encumbrance as at 17 January 2018. In particular, pursuant to Article 977A of the GCCP, the auction proceeds are allocated, after deduction of the enforcement expenses, to the extent applicable, in the following ranking order:

- (a) to claims arising prior to the date of the first auction which relate to unpaid wages of up to six (6) months arising from a dependent employment and up to a monthly amount equal to the statutory minimum wage for an employee aged over twenty five (25) years, multiplied by 275%. These claims are satisfied in priority to any other claim (super privilege);
- (b) to the secured creditors (i.e. through a mortgage or mortgage pre-notation over the property);
- (c) to the creditors enjoying general privileges; and
- (d) to unsecured creditors.

In the case that a mortgage or mortgage pre-notation is registered over more than one properties of the Borrower, the abovementioned claims related to unpaid wages and enjoying the super privilege, are satisfied from the auctions proceeds as follows: 1) *pari passu*, if the auctions took place simultaneously; or 2) in chronological order of the auctions up until full satisfaction, if the auctions took place successively. In the latter case, the secured creditors which were not satisfied due to the super privilege are granted a right to be satisfied for the unrecovered part of their claim from the proceeds of the auctions of the remaining properties of the Borrower.

Accordingly, if allocation of the auction proceeds takes place in accordance with Article 977A of the GCCP and there are creditors enjoying above super privilege, the Issuer (as owner of a first-ranking pre-notation) could be totally excluded from the allocation of auction proceeds of the property or be only partially satisfied from the auction proceeds thereof. 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. It should be noted that the application of Article 977A remains untested.

In case the above requirements of Article 977A of the GCCP are not met, for enforcement proceedings initiated from 1 January 2016 onwards; the allocation of auction proceeds takes place in accordance with Article 977 of the GCCP in particular.

- (a) If there is a concurrence of creditors enjoying general privileges and 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 65 per cent. to the secured creditors (any surplus is allocated first to creditors enjoying a general privilege and then to unsecured creditors);
 - up to 25 per cent. to the creditors enjoying general privileges (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 creditors enjoying a general privilege and two-thirds to secured creditors).
- (b) If there is a concurrence of creditors enjoying general privileges 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 creditors enjoying general privileges); and

- up to one-third to the creditors enjoying general privileges (any surplus is allocated to secured creditors).
- (c) If there is a 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.

Accordingly, if allocation of the auction proceeds takes place in accordance with Article 977 of the GCCP, the Issuer, as owner of a first-ranking pre-notation 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 enjoying a general privilege under Article 975 of the GCCP 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.

Once the list of creditors is confirmed and adjudicated, the proceeds are distributed according to the ranking order.

The length, complexity and uncertainty of success of enforcement procedures in Greece to date means that, in relation to any defaulted or delinquent Loan included in the Cover Pool, there may be a substantial delay in recovering any amounts due under the relevant Loan which may adversely affect the Issuer's ability to meet its obligations under the Covered Bonds. Recent reform of the GCCP by virtue of Greek Law 4335/2015 (published in Government Gazette 87/A/23.7.2015) and subsequently by Greek Law 4512/2018 (published in Government Gazette 5/A/17.1.2018) which enables an auction to be conducted exclusively via electronic means, aims to speed up the pace of enforcement proceedings commencing from the 1 January 2016 onwards. It should be noted, however, that in practice the Courts of First Instance are usually not in a position to observe the strict deadlines for the hearing of the relevant annulment petitions and the issuance of decisions thereon is as provided for in GCCP.

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 on the Programme Closing Date contains provisions relating to, *inter alia*:

- the Issuer's obligations when dealing with any cash flows arising from the Cover Pool and the Transaction Documents;
- the servicing, calculation, notification and reporting services to be performed by the Servicer, together with cash management services and account handling services in relation to moneys from time to time standing to the credit of the Transaction Account, the Collection Accounts and the Third Party Collection Account (if any);
- the terms and conditions upon which the Servicer will be obliged periodically to attempt to sell in whole or in part the Loan Assets;
- the Issuer's right to prevent the sale of a Loan Asset to third parties by removing the Loan Asset made subject to sale from the Cover Pool and transferring to the Transaction Account, an amount equal to the price set forth in such offer letter, subject to the provision of a solvency certificate;
- the covenants of the Issuer;
- the representations and warranties of the Issuer regarding itself and the Cover Pool Assets;
- the responsibilities of the Servicer following the service of a Notice of Default on the Issuer or upon failure of the Issuer to perform its obligations under the Transaction Documents; and
- the circumstances in which the Issuer or the Trustee will be obliged to appoint a new servicer to perform the Servicing and Cash Management Services.

Servicing

Pursuant to the Servicing and Cash Management Deed, the Servicer has agreed to service the Loans and their Related Security comprised in the Cover Pool and provide cash management services.

The Servicer will be required to administer the Loans and their Related Security in accordance with the Issuer's administration, arrears and enforcement policies and procedures forming part of the Issuer's policy from time to time as they apply to those Loans.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Issuer in relation to the Loans and their Related Security that it is servicing pursuant to the terms of the Servicing and Cash Management Deed, and to do anything which it reasonably considers necessary, convenient or incidental to the administration of the Loans and their Related Security.

Right of delegation by the Servicer

The Servicer may from time to time subcontract or delegate the performance of its duties under the Servicing and Cash Management Deed, provided that it will nevertheless remain responsible for the performance of those duties to the Issuer and the Trustee and, in particular, will remain liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor. Any such subcontracting or delegation may be varied or terminated at any time by the Servicer.

Appointment of Replacement Servicer

Upon the occurrence of any of the following events (each a **Servicer Termination Event**):

- (i) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing and Cash Management Deed and such default continues unremedied for a period of three Athens Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Trustee requiring the same to be remedied;
- (ii) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing and Cash Management Deed, which is materially prejudicial to the interests of the Covered Bondholders and such default continues unremedied for a period of 20 Athens Business Days after the Servicer becoming aware of such default, PROVIDED THAT where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 20 Athens Business Days of awareness of such default by the Servicer, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Trustee may approve to remedy such default;
- (iii) the occurrence of an Insolvency Event in relation to the Servicer; or
- (iv) the occurrence of an Issuer Event or an Event of Default (only where the Issuer and the Servicer are the same entity),

then at any time after the Trustee has received notice of any such Servicer Termination Event, the Trustee shall, following consultation with the Bank of Greece and while such Servicer Termination Event continues, use its reasonable endeavours to, within a reasonable timeframe:

- (i) appoint an independent investment or commercial bank of international repute (the **Investment Bank**) to select an entity to act as a substitute servicer (the **Replacement Servicer**); and
- (ii) by notice in writing to the Servicer terminate its appointment as Servicer under the Servicing and Cash Management Deed with effect from a date (not earlier than the date of the notice) specified in the notice.

In the event that the Trustee does not appoint the Investment Bank or the Investment Bank does not select a Replacement Servicer or the Trustee does not appoint the entity selected by the Investment Bank to act as Replacement Servicer within a reasonable period of time, the Bank of Greece may appoint a Replacement Servicer or a special administrator or liquidator in respect of the Cover Pool Assets pursuant to Article 152.

Insolvency Event means in respect of the Servicer: (a) an order is made or an effective resolution passed for the winding up of the relevant entity; or (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or (c) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any substantial part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or against the whole or any substantial part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or (d) the relevant entity is unable to pay its debts as they fall due, other than where the Issuer or the Servicer is Piraeus Bank S.A. and any of the events set out in (a) to (c) above occurs in connection with a substitution in accordance with Condition 18 (*Substitution of the Issuer*); or (e) a creditors' collective enforcement procedure is commenced

against the Servicer (including such procedure under the Greek Bankruptcy Code and Articles 137 and 145 of the Greek Banking Legislation).

Greek Banking Legislation means Greek Law 4261/2014 (published in the Government Gazette No. 107/A/5-5-2014), as amended and currently in force.

Greek Bankruptcy Code means Greek Law 3588/2007, as amended and currently in force.

The Trustee will not be obliged to act as servicer in any circumstances.

The Cover Pool

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

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

Any further assets added to the Cover Pool at the option of the Issuer in accordance with the above or by way of mandatory changes below shall form part of the Cover Pool.

Sale of Selected Loans and their Related Security following certain events

In relation to any Pass-Through Covered Bonds and any relevant Earliest Maturing Covered Bonds with a Final Maturity Date falling within the next six months of the Refinance Date, the Issuer, or the Servicer acting in the name and on behalf of the Issuer, will be obliged, or the Trustee will be entitled, periodically to sell or attempt to sell Loans and their Related Security in the Cover Pool having the Required Outstanding Principal Balance (the **Selected Loans**) on each Refinance Date 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.

Any such sale and subsequent redemption of the respective Selected Loans may only be effected if such sale and redemption do not result in either one or both of the following: (a) a breach or, if a breach has already occurred and is continuing, a deterioration of the Amortisation Test and/or (b) a breach or, if a breach has already occurred and is continuing, a deterioration of any Statutory Test.

Failure by the Issuer to sell the Selected Loans in accordance with the Servicing and Cash Management Deed will not constitute an Event of Default.

Prior to the Servicer making any offer to sell Selected Loans and their Related Security to third parties and provided that no Issuer Insolvency Event has occurred and is continuing, the Servicer will serve on the Issuer a loan offer notice in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Offer Notice**) giving the Issuer the right to prevent the sale by the Servicer of the Selected Loans to third parties, by removing the Selected Loans made subject to sale from the Cover Pool and transferring an amount equal to the then Outstanding Principal Balance of the Selected Loans and all arrears of interest and accrued interest relating to such Selected Loans to the Transaction Account.

If the Issuer validly accepts the Servicer's offer to remove the Selected Loans and their Related Security from the Cover Pool by signing the duplicate Selected Loan Offer Notice in a manner indicating acceptance and delivering it to the Servicer within ten Athens Business Days from and including the date of the Selected Loan Offer Notice, the Servicer shall within three Athens Business Days of receipt of such acceptance, serve a selected loan removal notice on the Issuer in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Removal Notice**).

The Servicer shall offer for sale the Selected Loans and their Related Security in respect of which the Issuer rejects or fails within the requisite time limit to accept the Servicer's offer to remove the Loans and their Related Security from the Cover Pool in the manner and on the terms set out in the Servicing and Cash Management Deed.

Upon receipt of the Selected Loan Removal Notice duly signed on behalf of the Servicer, the Issuer shall (i) promptly sign and return a duplicate copy of the Selected Loan Removal Notice, (ii) deliver to the Servicer and the Trustee a solvency certificate stating that the Issuer is, at such time, solvent and (iii) will remove from the Cover Pool the relevant Selected Loans (and any other Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Loan Removal Notice. Completion of the removal of the Selected Loans by the Issuer will take place on the Calculation Date next occurring after receipt by the Issuer of the Selected Loan Removal Notice or such other date as the Servicer may direct in the Selected Loan Removal Notice (provided that such date is not later than the earlier to occur of the date which is (a) ten Athens Business Days after receipt by the Servicer of the returned Selected Loan Removal Notice and (b) the Final Maturity Date of the Earliest Maturing Covered Bonds) when the Issuer shall pay to the Transaction Account an amount in cash equal to the price specified in the relevant Selected Loan Removal Notice.

On the date of completion of the removal of the Selected Loans and their Related Security in accordance with the above, the Issuer shall ensure that the Selected Loans are removed from the Registration Statement.

Upon such completion of the removal of the Selected Loans and their Related Security in accordance with above or the sale of Selected Loans and their Related Security to a third party or third parties, the Issuer shall cease to be under any further obligation to hold any Customer Files or other documents relating to the Selected Loans and their Related Security to the order of the Trustee and, if the Trustee holds such Customer Files or other documents, it will send them to the Issuer at the cost of the Issuer.

Earliest Maturing Covered Bonds means, at any time after an Issuer Event that is continuing, the Series of Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the Transaction Account) that has or have the earliest Final Maturity Date to occur after such Issuer Event as specified in the applicable Final Terms.

Method of Sale of Selected Loans

If the Servicer is required to sell Selected Loans and their Related Security to third-party purchasers due to any of the circumstances described above, the Servicer will be required to ensure that before offering Selected Loans for sale:

- (a) the Selected Loans have been selected from the Cover Pool on a random basis; and
- (b) the Selected Loans have an aggregate Outstanding Principal Balance (subject in the case of Loans denominated in a currency other than Euro to the euro equivalent thereof as determined in accordance with the relevant FX Rate Swap Agreement) in an amount (the **Required Outstanding Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

$$N \times \frac{\text{Outstanding Principal Balance of all Loan Assets in the Cover Pool}}{\text{the Euro Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where N is an amount equal to the Euro Equivalent of the Required Redemption Amount of all Pass-Through Covered Bonds and/or all Earliest Maturing Covered Bonds with a Final Maturity Date falling within the next 6 months of the relevant Refinance Date less amounts standing to the credit of the Transaction Account (other than amounts standing to the credit of the Commingling Reserve Ledger) and the principal amount of any Marketable Assets or Authorised Investments (other than Authorised Investments acquired from the amounts standing to the credit of the Commingling Reserve Ledger) (excluding all amounts to be applied on the next following Programme Payment Date to repay higher ranking amounts in the Pre-Event of Default Priority of Payments, those amounts that are required to repay any Series of Covered Bonds which mature prior to the next Programme Payment Date and those amounts provided for in respect of any Earliest Maturing Covered Bonds in accordance with paragraph (f) of the Pre-Event of Default Priority of Payments).

For the purposes hereof:

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated as follows:

$$\frac{\text{the Principal Amount Outstanding of the relevant Series of Covered Bonds}}{\text{the relevant Series of Covered Bonds}} \times (1 + \text{Negative Carry Factor} \times \frac{\text{days to maturity of the relevant Series of Covered Bonds}}{360})$$

Where: **Negative Carry Factor** is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, not be less than 0.50 per cent. and “**days to maturity of the relevant Series of Covered Bonds**” refers to days to the Final Maturity Date in respect of any Series of Covered Bonds which are not Pass-Through Covered Bonds and, in respect of any Pass-Through Covered Bonds, refers to days to the next following Programme Payment Date.

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, for an amount not less than the Adjusted Required Redemption Amount. The Servicer may not at any time sell or offer for sale the Selected Loans for an amount that is less than the Adjusted Required Redemption Amount. If an offer has been received by the Servicer in respect of only some Selected Loans, the Servicer may accept such offer provided that those Selected Loans offered for sale are selected on a Random Basis and may not be sold for an amount that is less than the amount in EUR equal to the product of (x) the original Adjusted Required Redemption Amount and (y) the Selected Loans Balance, and provided further that such partial sale does not result in a breach (or, if a breach has already occurred and is continuing, a deterioration) of either one or both of (a) the Statutory Tests and/or, as applicable (b) the Amortisation Test. For these purposes, **Selected Loans Balance** means the result of the fraction of which the numerator is the aggregate Outstanding Principal Balance of those Selected Loans for which an offer has been obtained and the denominator is the aggregate Outstanding Principal Balance of the original Selected Loans (subject, in each case, to Loans denominated in a currency other than Euro first being converted to the euro equivalent thereof as determined in accordance with the relevant FX Rate Swap Agreement).

The **Adjusted Required Redemption Amount** means the Euro Equivalent of the Required Redemption Amount,

- (i) plus or minus any swap termination amounts payable to or by the Issuer under a Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds less (where applicable) the principal balance of any Marketable Assets and Authorised Investments (excluding all amounts to be applied on the next following Programme Payment Date to pay or repay higher ranking amounts in the Pre-Event of Default Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); and plus or minus;
- (ii) any swap termination amounts payable to or by the Issuer under an Interest Rate Swap Agreement or an FX Rate Swap Agreement in respect of the relevant Series of Covered Bonds; plus
- (iii) reasonable costs and expenses associated with the 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 Related Security.

The Servicer will as soon as possible and in any event within one calendar month of a Refinance Date appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market) and to advise it in relation to the sale of the Selected Loans to third-party purchasers (except where the Issuer exercises its right of pre-emption).

In respect of any sale of Selected Loans and their Related Security, the Servicer will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Loans are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and, where relevant, the scheduled repayment dates of the Covered Bonds and the terms of the Servicing and Cash Management Deed. In the event that the Selected Loans cannot be sold at the Adjusted Required Redemption Amount as quickly as reasonably practicable following a Refinance Date, the Servicer will instruct the portfolio manager to do so on the next Refinance Date or as quickly as reasonably practicable thereafter (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and, where relevant, the scheduled repayment dates of the Covered Bonds and the terms of the Servicing and Cash Management Deed.

The Trustee, or its authorised attorney, will not be required to release the Selected Loans and their Related Security from the Registration Statement unless the conditions for Security release under applicable law (other than the Statutory Pledge) are satisfied.

Following a Refinance Date, if third parties accept the offer or offers from the Servicer so that some or all of the Selected Loans shall be sold, 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 to the Transaction Account from the relevant third party purchasers. Any such sale will not include any representations and warranties from the Servicer or the Issuer in respect of the Loans and their Related Security unless expressly agreed by the Servicer.

Amendment to definitions

Subject to certain conditions set forth in the Servicing and Cash Management Deed, the definitions of Cover Pool, Cover Pool Asset, Eligibility Criteria, Statutory Test and Amortisation Test may be amended by the Issuer from time to time, subject to Greek Covered Bond Legislation, without the consent of the Trustee only as a consequence of the inclusion in the Cover Pool of a New Asset Type and/or for the purposes of complying with any subsequent changes to Greek Covered Bond Legislation, provided that the Rating Agencies have been notified in writing of such amendment.

Commingling Reserve Ledger

The Servicer will establish a ledger on each of the Transaction Account to be called the **Commingling Reserve Ledger**.

On the First Issue Date and at any time the Issuer's long-term or short-term IDR fall below A or F1 respectively as determined by Fitch and the Issuer's DBRS long-term rating falls below BBB(L) as determined by DBRS (or such other ratings which are consistent with the published criteria of the Rating Agencies) (the **Issuer Rating Downgrade**) then as soon as reasonably practicable but in any event within 10 calendar days, and on each Calculation Date after an Issuer Rating Downgrade up until the occurrence of an Issuer Rating Upgrade, the Issuer will be required to make a Commingling Reserve Advance in an amount equal to the difference between amounts standing to the credit of the Commingling Reserve Ledger and the Commingling Required Amount. Such amount paid pursuant to the Commingling Reserve Advance will be paid to the Transaction Account and credited to the Commingling Reserve Ledger.

Commingling Required Amount means, on each Calculation Date:

- (a) before the occurrence of an Issuer Rating Downgrade, zero; or
- (b) after the occurrence of an Issuer Rating Downgrade, the sum of (i) the amount of interest due on all Series of Covered Bonds over the next six months (calculated on a rolling basis), and (ii) the amounts due over the next six months under paragraphs (a) to (e) (both inclusive) of the Pre-Event of Default Priority of Payments (without double counting).

Whilst the Issuer Rating Downgrade is continuing the Issuer (or the Servicer on its behalf) will on the Calculation Date prior to each Programme Payment Date pay the proceeds of each Commingling Reserve Advance to the Transaction Account and credit the same to the Commingling Reserve Ledger.

Commingling Reserve Advance means the advance made by the Issuer on each Calculation Date following the occurrence of an Issuer Rating Downgrade until the occurrence of an Issuer Rating Upgrade in an amount equal to the difference between the Commingling Required Amount and amounts standing to the credit of the Commingling Reserve Ledger.

Following the occurrence of the Issuer Rating Downgrade, and whilst an Issuer Event is continuing, the Servicer shall, on each Programme Payment Date, debit an amount equal to the Commingling Withdrawal Amount from the Commingling Reserve Ledger and apply such funds as Covered Bond Available Funds.

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

On any Programme Payment Date whether or not an Issuer Event has occurred, if and to the extent that amounts standing to the credit of the Commingling Reserve Ledger (taking into account any amounts applied as Covered Bonds Available Funds) would exceed the Commingling Required Amount, such excess amounts will be paid directly to the Issuer (and shall not form part of the Covered Bond Available Funds).

In the event that the Issuer's long-term and short-term IDR increase to A and F1 respectively as determined by Fitch and the Issuer's DBRS long-term rating increases to BBB(L) as determined by DBRS (or such other ratings which are consistent with the published criteria of the Rating Agencies) (the **Issuer Rating Upgrade**) or in the event that there are no outstanding liabilities under the Covered Bonds, all amounts standing to the

credit of the Commingling Reserve Ledger will be paid directly to the Issuer (and shall not form part of the Covered Bonds Available Funds).

The Servicer shall, prior to the occurrence of an Event of Default, invest all amounts standing to the credit of the Commingling Reserve Ledger in Authorised Investments.

Third Party Collection Account

The Servicing and Cash Management Deed provides that the Issuer must, immediately upon the occurrence of an Issuer Event, among other things, open the Third Party Collection Account with a Greek credit institution or a Greek branch of a foreign credit institution whose long-term and short-term IDR are at least A and F1 by Fitch and BBB(L) by DBRS (or such other ratings which are consistent with the published criteria of the Rating Agencies), or with any other credit institution approved by the Trustee (acting upon the advice of a suitably qualified expert and/or as directed by an Extraordinary Resolution passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding), and the Issuer undertakes not to knowingly create or permit to subsist any Security Interest in relation to the Third Party Collection Account other than as permitted pursuant to paragraph 4 of Article 152 and by virtue of an analogous application of paragraph 15 of Article 10 of Greek Law 3156/2003 or other than as created by the Statutory Pledge.

Following the occurrence of an Issuer Event, the Servicer shall, in accordance with the terms of the Servicing and Cash Management Deed, and the Trustee is entitled in its absolute discretion to, provide notification to all Borrowers and their guarantors (if applicable) that any and all future payments due under the Loan Assets are henceforth to be effected directly to the Third Party Collection Account.

Law and Jurisdiction

The Servicing and Cash Management Deed is governed by English law.

Asset Monitor Agreement

The Asset Monitor has agreed, subject to due receipt of the information to be provided by the Servicer to the Asset Monitor, to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Servicer, prior to service of a Notice of Default, on the Calculation Date immediately prior to each anniversary of the Programme Closing Date with a view to confirmation of compliance by the Issuer with the Statutory Tests on that Calculation Date. If and for so long as the short-term and long-term IDR of the Issuer or the Servicer are below F2 and BBB+ as determined by Fitch and the Issuer or the Servicer's long-term are below BBB(L) as determined by DBRS, the Asset Monitor will, subject to receipt of the relevant information from the Servicer within the agreed timeframe, be required to conduct such tests following each Calculation Date.

Following the occurrence of an Issuer Event, the Asset Monitor will, subject to receipt of the relevant information from the Servicer within the agreed timeframe, be required to conduct the Statutory Tests and the Amortisation Test following each Monthly Calculation Date.

Following a determination by the Asset Monitor of any errors in the arithmetical accuracy of the calculations performed by the Servicer such that the Statutory Tests have failed on the Calculation Date (where the Servicer had recorded it as being satisfied), or the reported Nominal Value of the Cover Pool or the reported Net Present Value of the Cover Pool or the reported amount of interest for the next 12 months expected to be received in respect of the Loans and the Marketable Assets (if any) comprised in the Cover Pool, as applicable, was mis-stated by the Servicer by an amount exceeding two per cent. of the Nominal Value of the Cover Pool or the Net Present Value of the Cover Pool or the amount of interest for the next 12 months expected to be received in respect of the Loans and the Marketable Assets (if any) comprised in the Cover Pool, as applicable, the Asset Monitor will be required to conduct such tests following each Calculation Date for a period of six months thereafter.

The Asset Monitor is entitled to assume that all information provided to it by the Servicer for the purpose of conducting such tests is true and correct and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The Asset Monitor will deliver a report (the **Asset Monitor Report**) to the Servicer, the Issuer and, if so requested, to the Trustee.

The Issuer or the Servicer will ensure that a copy of the Asset Monitor Report is sent to the Bank of Greece for the purposes of the Greek Covered Bond Legislation at least once per annum.

Following the Programme Closing Date, the Issuer or the Servicer, as applicable, will pay to the Asset Monitor a fee for the tests to be performed by the Asset Monitor.

The Issuer (or after the occurrence of an Issuer Event, the Servicer) may, at any time, but subject to the prior written consent of the Trustee, terminate the appointment of the Asset Monitor by giving at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the Issuer (or after the occurrence of an Issuer Event, the Servicer) (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing)) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement (or substantially similar duties).

The Asset Monitor may, at any time, resign by giving at least 90 days' prior written notice to the Issuer and the Trustee (copied to the Rating Agencies), and may resign by giving immediate notice in the event of a professional conflict of interest caused by the action of any recipient of its reports.

Upon the Asset Monitor giving prior written notice of resignation, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall immediately use all reasonable endeavours to appoint a replacement (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing)) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement. No resignation shall be effective unless and until a replacement asset monitor is appointed.

The Trustee will not be obliged to act as Asset Monitor in any circumstances.

Law and Jurisdiction

The Asset Monitor Agreement is governed by Greek law.

Trust Deed

The Trust Deed made between the Issuer and the Trustee on the Programme Closing Date appoints the Trustee to act as the bondholders representative. As such, the Trustee will act as a representative in accordance with paragraph 2 of Article 152. The Trust Deed contains provisions relating to, *inter alia*:

- (a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under Terms and Conditions of the Covered Bonds above);
- (b) the covenants of the Issuer;
- (c) the enforcement procedures relating to the Covered Bonds; and
- (d) the appointment powers and responsibilities of the Trustee and the circumstances in which the Trustee may resign or be removed.

Law and Jurisdiction

The Trust Deed is governed by English law.

Agency Agreement

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

For the purposes of Condition 5.2(b)(ii) (*Floating Rate Covered Bond Provisions - Rate of Interest - Screen Rate Determination for Floating Rate Covered Bonds*) of the Terms and Conditions, the Agency Agreement provides that if the Relevant Screen Page (or such replacement page on that service which displays the information) is not available or if, no offered quotation appears or if fewer than three offered quotations appear, in each case as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR (the **Specified Time**)), the Principal Paying Agent shall request each of the reference banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the reference rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the reference banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

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

Law and Jurisdiction

The Agency Agreement is governed by English law.

For the purposes of this section "*Agency Agreement*" any capitalised terms have the meanings given to them in the Terms and Conditions of the Covered Bonds above.

Deed of Charge

Pursuant to the terms of the Deed of Charge entered into on the Programme Closing Date by the Issuer, the Trustee and the other Secured Creditors, the Secured Obligations of the Issuer and all other obligations of the Issuer under or pursuant to the Transaction Documents to which it is a party are secured, *inter alia*, by the following security over the following property, assets and rights (the **Deed of Charge Security**):

- (a) an assignment by way of first fixed security or first fixed charge (as the case may be) over all of the Issuer's interests, rights and entitlements under and in respect of any Transaction Document to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party;
- (b) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Bank Accounts and all amounts standing to the credit of the Bank Accounts; and
- (c) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Issuer in respect of all Authorised Investments and Marketable Assets (to the extent governed by English law) purchased from time to time from amounts standing to the credit of any Issuer Account.

In addition, to secure its obligations under the Covered Bonds the Issuer has, pursuant to paragraph 10 of Article 152, created a pledge over the Cover Pool (which consists principally of the Issuer's interest in the Loan Assets and certain Marketable Assets). The Deed of Charge also provides that (other than in certain limited circumstances) only the Trustee may enforce the security created under the Deed of Charge. The proceeds of any such enforcement of the Deed of Charge and paragraph 10 of Article 152 will be required to be applied in accordance with the order of priority set out in the Post-Event of Default Priority of Payments.

The Trustee shall at all times be a credit institution (or a subsidiary company of a credit institution) that is entitled to provide services in the European Economic Area in accordance with paragraph 2 of Article 152 (an **EEA Credit Institution**). If at any time the Trustee ceases to be an EEA Credit Institution it will notify the Issuer immediately and take all steps necessary to find a replacement Trustee that is an EEA Credit Institution.

Release of Security

In accordance with the terms of the Deed of Charge all amounts which the Servicer (on behalf of the Issuer and the Trustee or its appointee) is permitted to withdraw from the Transaction Account pursuant to the terms of the Deed of Charge will be released from the Deed of Charge Security. In addition, upon the Issuer or the Servicer making a disposal of an Authorised Investment or Marketable Assets (to the extent governed by English law) charged under the Deed of Charge and provided that the proceeds of such disposal are paid into the Transaction Account in accordance with the terms of the Servicing and Cash Management Deed, that Authorised Investment or Marketable Assets (to the extent governed by English law) will be released from the Deed of Charge Security.

At such time that all of the obligations owing by the Issuer to the Secured Creditors have been discharged in full, the Trustee will, at the cost of the Issuer, take whatever action is necessary to release the Charged Property from the Deed of Charge Security to, or to the order of, the Issuer.

Enforcement

Upon the occurrence of an Event of Default, the Trustee shall be entitled to appoint a Receiver, and/or enforce the Deed of Charge Security constituted by the Deed of Charge, and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction. All proceeds received by the Trustee from the enforcement of the Deed of Charge Security will be applied in accordance with the Post-Event of Default Priority of Payments.

Law and Jurisdiction

The Deed of Charge is governed by English law.

Interest Rate Swap Agreement

Some of the Loan Assets in the Cover Pool will pay from time to time a variable rate of interest for a period of time that may either be linked to the standard variable rate of the Issuer (the **Issuer Standard Variable Rate**) or linked to an interest rate other than the Issuer Standard Variable Rate, such as EURIBOR or a rate that tracks the ECB base rate. Other Loan Assets will pay a fixed rate of interest for a period of time. However, the Euro payments to be made by the Issuer under the Covered Bonds or under each of the Covered Bond Swaps may vary. To provide a hedge against the possible variance between:

- (a) the rates of interest payable on the Loan Assets in the Cover Pool; and
- (b) payments by the Issuer under the Covered Bonds or the Covered Bond Swaps,

the Issuer, the provider of the Interest Rate Swaps (each such provider, an **Interest Rate Swap Provider**) and the Trustee may enter into one or more interest rate swap transactions in respect of each Series of Covered Bonds under an **Interest Rate Swap Agreement** (each such transaction an **Interest Rate Swap**).

Under the terms of each Interest Rate Swap, in the event that the relevant rating of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the Interest Rate Swap Agreement (in accordance with the published criteria of the Rating Agency), the Interest Rate Swap Provider may, in accordance with the relevant Interest Rate Swap Agreement, be required to take certain remedial measures which are consistent with the then published criteria of the Rating Agency and which may include providing collateral for its obligations under the Interest Rate Swaps, arranging for its obligations under the Interest Rate Swaps to be transferred to an entity with appropriate ratings, procuring another entity with the appropriate ratings to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swaps (such guarantee to be provided in accordance with the then-current guarantee criteria of the Rating Agency), or taking such other action as it may agree with the relevant Rating Agency. A failure to take such steps within the periods set out in the relevant Interest Rate Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the Interest Rate Swap Agreement (each referred to as an **Interest Rate Swap Early Termination Event**), which may include:

- at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the Interest Rate Swap Agreement; and
- upon the occurrence of the insolvency of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations, or the merger of the Interest Rate Swap Provider without an assumption of its obligations under the Interest Rate Swap Agreement.

Upon the termination of an Interest Rate Swap pursuant to an Interest Rate Swap Early Termination Event, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Interest Rate Swap Provider to the Issuer in respect of an Interest Rate Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Interest Rate Swap Provider to enter into a replacement Interest Rate Swap with the Issuer, unless a replacement Interest Rate Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Interest Rate Swap Provider in respect of a

replacement Interest Rate Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Interest Rate Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of an Interest Rate Swap will first be used to reimburse the relevant Interest Rate Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Interest Rate Swap.

If a withholding or deduction for or on account of taxes is imposed on payments made by the Interest Rate Swap Provider to the Issuer under the Interest Rate Swaps, the Interest Rate Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swaps, the Issuer shall not be obliged to gross up those payments.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Interest Rate Swap Provider directly and not via the Priorities of Payments.

The Interest Rate Swap Provider may transfer all its interest and obligations in and under the relevant Interest Rate Swap Agreement to a transferee with minimum ratings in line with the criteria of each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions.

If the Issuer is required to sell Selected Loans in the Cover Pool following the occurrence of an Issuer Event or otherwise then, to the extent that such Selected Loans include Fixed Rate Loans, the Issuer may:

- (a) require that the Interest Rate Swaps in connection with such Selected Loans partially terminate to the extent that such Selected Loans include Fixed Rate Loans and any breakage costs payable by or to the Issuer in connection with such termination will, following the occurrence of an Issuer Event, be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or
- (b) request that the Interest Rate Swaps in connection with such Selected Loans be partially novated to the purchaser of such Fixed Rate Loans to the extent that such Selected Loans include Fixed Rate Loans, such that each purchaser of Selected Loans will thereby become party to a separate interest rate swap transaction with the Interest Rate Swap Provider.

Law and Jurisdiction

Each Interest Rate Swap Agreement (and each Interest Rate Swap thereunder) will be governed by English law.

Covered Bond Swap Agreements

The Issuer may enter into one or more covered bond swap transactions with one or more Covered Bond Swap Providers and the Trustee in respect of each Series of Covered Bonds (each such transaction a **Covered Bond Swap**). Each Covered Bond Swap may be either a Forward Starting Covered Bond Swap or a Non-Forward Starting Covered Bond Swap and each will constitute the sole Transaction under a single **Covered Bond Swap Agreement** (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**).

Each Forward Starting Covered Bond Swap will provide a hedge (after the occurrence of an Issuer Event) against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the Loans and any relevant Interest Rate Swaps and FX Rate Swaps and amounts payable by the Issuer in respect of the Covered Bonds (**Forward Starting Covered Bond Swap**).

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the Loans and any relevant Interest Rate Swaps and FX Rate Swaps and amounts payable by the Issuer in respect of the Covered Bonds (**Non-Forward Starting Covered Bond Swap**).

Where required to hedge such risks, there may be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**).

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date, after the occurrence of an Issuer Event, an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable in respect of the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euro calculated by reference to Euro EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.

Under the Non-Forward Starting Covered Bond Swaps on the relevant Issue Date, the Issuer (or the Servicer on its behalf) will, if the Covered Bonds are denominated in a currency other than Euro, pay to the Covered Bond Swap Provider an amount equal to the relevant portion of the amount received by the Issuer in respect of the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds and in return the Covered Bond Swap Provider will pay to the Issuer the Euro Equivalent of the first-mentioned amount. Thereafter, and where the Covered Bonds are denominated in Euro, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euros calculated by reference to EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.

Under the terms of each Forward Starting Covered Bond Swap and each Non-Forward Starting Covered Bond Swap, in the event that the relevant rating of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the relevant Covered Bond Swap Agreement (in accordance with the requirements of the Rating Agency), the Covered Bond Swap Provider may, in accordance with the relevant Covered Bond Swap Agreement, be required to take certain remedial measures which are consistent with the then published criteria of the Rating Agency and which may include providing collateral for its obligations under the Covered Bond Swap, arranging for its obligations under the Covered Bond Swap to be transferred to an entity with the appropriate ratings, procuring another entity with the appropriate ratings to become co-obligor or guarantor in respect of its obligations under the Covered Bond Swap Agreement (such guarantee to be provided in accordance with the then-current guarantee criteria of the Rating Agency), or taking such other action as it may agree with the relevant Rating Agency. In addition, if the net exposure of the Issuer against the Covered Bond Swap Provider under the relevant Covered Bond Swap exceeds the threshold specified in the relevant Covered Bond Swap Agreement, the Covered Bond Swap Provider may be required to provide collateral for its obligations. A failure to take such steps within the time periods set out in the Covered Bond Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the Covered Bond Swap.

A Covered Bond Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the relevant Covered Bond Swap Agreement (each referred to as a **Covered Bond Swap Early Termination Event**), which may include:

- (a) at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under such Covered Bond Swap Agreement; and

- (b) upon the occurrence of an insolvency of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations, or the merger of the Covered Bond Swap Provider without an assumption of its obligations under the relevant Covered Bond Swap Agreement.

Upon the termination of a Covered Bond Swap, the Issuer or the Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant Covered Bond Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Covered Bond Swap Provider to the Issuer in respect of a Covered Bond Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Covered Bond Swap Provider to enter into a replacement Covered Bond Swap with the Issuer, unless a replacement Covered Bond Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Covered Bond Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of a Covered Bond Swap will first be used to reimburse the relevant Covered Bond Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes. Duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Covered Bond Swap.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Covered Bond Swap Provider directly and not via the Priorities of Payments.

If withholding or deduction for or on account of taxes is imposed on payments made by the Covered Bond Swap Provider to the Issuer under a Covered Bond Swap, the Covered Bond Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Covered Bond Swap Provider under a Covered Bond Swap, the Issuer shall not be obliged to gross up those payments.

The Covered Bond Swap Provider may transfer all its interest and obligations in and under the relevant Covered Bond Swap Agreement to a transferee with minimum ratings in line with the criteria of each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Terms and Conditions, the Covered Bond Swap(s) in connection with such Covered Bonds will terminate or partially terminate, as the case may be. Any breakage costs payable by or to the Issuer in connection with such termination may be taken into account in calculating:

- (a) the Adjusted Required Redemption Amount for the sale of Selected Loans; and
- (b) the purchase price to be paid for any Covered Bonds purchased by the Issuer in accordance with Condition 7.7 (*Redemption and Purchase - Purchases*).

Law and Jurisdiction

Each Covered Bond Swap Agreement (and each Covered Bond Swap thereunder) will be governed by English law.

FX Rate Swap Agreements

Some of the Loan Assets in the Cover Pool may be denominated in a currency other than Euro and will either pay a variable rate of interest for a period of time that may either be linked to a specified interest rate, such as LIBOR or a rate that tracks a specific base rate or will pay a fixed rate of interest for a period of time. As

noted above, the Issuer will make payments to each Covered Bond Swap Provider in Euro. To provide a hedge against the possible variance between:

- (a) the currency of the relevant Loan Assets and the rates of interest payable on such Loan Assets in the Cover Pool; and
- (b) the Euro payments to be made by the Issuer under the Covered Bond Swaps,

the Issuer, the provider of the FX rate swap (each such provider, an **FX Rate Swap Provider**)) and the Trustee may enter into one or more FX swap transactions in respect of the Loans in the Cover Pool which are denominated in a currency other than Euro under one or more FX rate swap agreements (each, an **FX Rate Swap Agreement** and each such transaction an **FX Rate Swap**).

Under the terms of each FX Rate Swap, in the event that the relevant rating of the FX Rate Swap Provider or any guarantor of the FX Rate Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the relevant FX Rate Swap Agreement (in accordance with the requirements of the Rating Agency) for the FX Rate Swap Provider or any guarantor of the FX Rate Swap Provider's obligations, the FX Rate Swap Provider may, in accordance with the FX Rate Swap Agreement, be required to take certain remedial measures which are consistent with the then published criteria of the Rating Agency and which may include providing collateral for its obligations in respect of the FX Rate Swaps, arranging for its obligations under the FX Rate Swaps to be transferred to an entity with the appropriate ratings, procuring another entity with the appropriate ratings to become co-obligor or guarantor in respect of its obligations under the FX Rate Swaps (such guarantee to be provided in accordance with then current guarantee criteria of the Rating Agency), or taking such other action as it may agree with the relevant Rating Agency. A failure to take such steps within the periods set out in the relevant FX Rate Swap Agreement may, subject to certain conditions, allow the Issuer to terminate the FX Rate Swap Agreement.

A FX Rate Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the relevant FX Rate Swap Agreement (each referred to as an **FX Swap Early Termination Event**), which may include:

- at the option of any party to the FX Rate Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the FX Rate Swap Agreement; and
- upon the occurrence of the insolvency of the FX Rate Swap Provider or any guarantor of the FX Rate Swap Provider's obligations, or the merger of the FX Rate Swap Provider without an assumption of its obligations under the FX Rate Swap Agreement.

Upon the termination of a FX Rate Swap pursuant to an FX Swap Early Termination Event, the Issuer or the FX Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant FX Rate Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the FX Rate Swap Provider to the Issuer in respect of an FX Rate Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement FX Rate Swap Provider to enter into a replacement FX Rate Swap with the Issuer, unless a replacement FX Rate Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement FX Rate Swap Provider in respect of a replacement FX Rate Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous FX Rate Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of a FX Rate Swap will first be used to reimburse the relevant FX Rate Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant FX Rate Swap.

If a withholding or deduction for or on account of taxes is imposed on payments made by the FX Rate Swap Provider to the Issuer under the FX Rate Swaps, the FX Rate Swap Provider shall always be obliged to

gross-up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the FX Rate Swap Provider under the FX Rate Swaps, the Issuer shall not be obliged to gross-up those payments.

The FX Rate Swap Provider may transfer all its interest and obligations in and under the relevant FX Rate Swap Agreement to a transferee with the minimum ratings in line with the criteria of the Rating Agency, without any prior written consent of the Trustee, subject to certain conditions.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the FX Rate Swap Provider directly and not via the Priorities of Payments.

The FX Rate Swap Provider may transfer all its interest and obligations in and under the relevant FX Rate Swap Agreement to a transferee with minimum ratings in line with the criteria of by each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions. If the Issuer is required to sell Selected Loans in the Cover Pool following the occurrence of an Issuer Event or otherwise then, to the extent that such Selected Loans include Fixed Rate Loans, the Issuer may:

- (a) require that the FX Rate Swaps in connection with such Selected Loans partially terminate to the extent that such Selected Loans include Fixed Rate Loans and any breakage costs payable by or to the Issuer in connection with such termination will, following the occurrence of an Issuer Event, be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or
- (b) request that the FX Rate Swaps in connection with such Selected Loans be partially novated to the purchaser of such Fixed Rate Loans to the extent that such Selected Loans include Fixed Rate Loans, such that each purchaser of Selected Loans will thereby become party to a separate FX Rate Swap transaction with the FX Rate Swap Provider.

Law and Jurisdiction

Each FX Rate Swap Agreement (and each FX Rate Swap thereunder) will be governed by English law.

Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement entered into on the Programme Closing Date between the Account Bank, the Issuer, the Servicer and the Trustee, the Servicer maintains with the Account Bank the Bank Accounts, which are operated in accordance with the Servicing and Cash Management Deed and the Deed of Charge.

If the long-term and short-term IDR of the Account Bank cease to be at least A and F1 respectively as determined by Fitch and the DBRS long-term rating of the Account Bank ceases to be at least BBB(L) (or such other ratings which are consistent with the published criteria of the Rating Agencies or may be agreed between the parties to the Bank Account Agreement and the Rating Agencies from time to time), then the Issuer shall within 30 calendar days of such occurrence:

- (i) procure an unconditional and unlimited guarantee of the obligations of the Account Bank under the Bank Account Agreement from an Eligible Institution; or
- (ii) procure the transfer of the Bank Accounts held with the Account Bank (and the balance standing to the credit thereto) to an Eligible Institution and enter into a bank account agreement with such Eligible Institution on substantially the same terms as the Bank Account Agreement.

The costs arising from any remedial action taken by the Issuer following its long-term and short-term IDR ceasing to be rated at least A and F1 as determined by Fitch and its DBRS long-term rating ceasing to be

rated at least BBB(L) (or such other ratings which are consistent with the published criteria of the Rating Agencies from time to time) shall be borne by the Account Bank.

The Bank Account Agreement is governed by English law.

Issuer-ICSDs Agreement

On the Programme Closing Date, the Issuer entered 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 is governed by English law.

TAXATION

Taxation in the Hellenic Republic

The following discussion of Greek taxation, as it relates to the Covered Bonds, is of a general nature and is based on the provisions of the income tax law, Greek Law 4172/2013, as amended and in force as at the date of this Base Prospectus. It should be noted, however, that Greek tax law is subject to frequent changes, including changes resulting from Greece's commitments that apply after the end of the Third Economic Adjustment Programme on 20 August 2018 and consequently, Covered Bondholders should consult their professional advisers prior to purchasing, selling or otherwise transacting in Covered Bonds, as the discussion below is not exhaustive and does not purport to deal with all the tax consequences applicable to all possible categories of holders of Covered Bonds, some of which may be subject to special rules. Further, Non-Resident Covered Bondholders (as defined below), may have to submit a tax residence certificate or produce documentation evidencing non-residence in order to claim any exemption under applicable tax laws of Greece or in the context of a DTT (as defined below) entered into between Greece and the jurisdiction in which a Non-Resident Covered Bondholder is a tax resident.

Prospective holders of Covered Bonds are advised to consult their own tax advisers as to the laws of Greece and other tax consequences of the purchase, ownership and disposal of the Covered Bonds.

Payment of principal under the Covered Bonds

No Greek income tax will be imposed on payments of principal to any Covered Bondholders in respect of Covered Bonds issued by Piraeus Bank.

Payments of interest on the Covered Bonds

Payments of interest on the Covered bonds issued by Piraeus Bank and held by:

- (a) Covered Bondholders with no residence or permanent establishment in Greece for Greek income tax law purposes (**Non-Resident Covered Bondholders**) will be subject to Greek withholding income tax currently at a flat rate of fifteen per cent. subject to 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 a Non-Resident Covered Bondholder is a tax resident;
- (b) Covered Bondholders resident or having a permanent establishment in Greece for Greek income tax law purposes (**Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of fifteen per cent., which may not exhaust the tax liability of certain types of Resident Covered Bondholders.

Disposal of Covered Bonds – Capital Gains

Capital gains resulting from the transfer of Covered Bonds issued by Piraeus Bank pursuant to Greek Law 3156/2003 and earned by Non-Resident Covered Bondholders or Resident Covered Bondholders will not be subject to Greek income tax.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective

investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) 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.

(ii) Resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (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 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 Luxembourg 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.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

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

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.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, 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 the UK and 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 the 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 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 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 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 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. Covered Bondholders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds.

SUBSCRIPTION AND SALE

Covered Bonds may be issued from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in a Programme Agreement originally dated 8 February 2011 (as first amended and restated on 12 August 2014, as further amended and restated on 16 December 2014, on 4 July 2016, on 19 December 2016, on 25 August 2017, on 23 October 2017 and on 17 October 2018 and as further amended, restated and/or supplemented from time to time, the **Programme Agreement**) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds. The Programme Agreement will be supplemented on or around the date of each issuance by Subscription Agreement, which will set out, *inter alia*, the relevant underwriting commitments. The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

United States

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it has not offered and sold, and will not offer or sell Covered Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer(s) (or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager), of all Covered Bonds of the Tranche of which such Covered Bonds are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each dealer to which it sells Covered Bonds of such Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering of such Covered Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Public Offer Selling Restrictions under the Prospectus Directive

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 or superseded, 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; and
- (b) the expression "**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 the Covered Bonds.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) 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 (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a base prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- the expression “**Prospectus Directive**” means Directive 2003/71/EC (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:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

The Hellenic Republic

The Covered Bonds have not been submitted to the approval procedure of the Hellenic Capital Market Commission provided by Greek Law 3401/2005 which implements the Prospectus Directive, as amended by Greek Law 4099/2012 which implements Directive 2010/73/EU amending the Prospectus Directive, and as further amended by Article 3 of Greek Law 4374/2016 and by Article 23 of Greek Law 4416/2016. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell the Covered Bonds unless it has complied and will comply with (i) the Public Offer Selling Restrictions under the Prospectus Directive, as amended by Directive 2010/73/EU described above in this section and (ii) all applicable provisions of Greek Law 3401/2005, implementing into Greek law the Prospectus Directive, as amended by Greek Law 4099/2012, implementing into Greek law Directive 2010/73/EU amending the Prospectus Directive, and as further amended by Article 3 of Greek Law 4374/2016 and by Article 23 of Greek Law 4416/2016.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended; the **FIEA**) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Grand Duchy of Luxembourg

In addition to the cases described in the European Economic Area selling restrictions in which the Dealers can make an offer of Covered Bonds to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Dealers can also make an offer of Covered Bonds to the public in the Grand Duchy of Luxembourg:

- at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions,

undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Directive 2003/71/EC as amended by Directive 2010/73/EU (the Prospectus Directive) into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF as competent authority in Luxembourg in accordance with the Prospectus Directive.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Approval, listing and admission to trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for the Covered Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the MiFID II, 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 originally dated 18 November 2010, as updated by further resolutions of the Board of Directors of the Issuer dated 23 July 2014, 15 November 2016, 28 June 2017 and 28 February 2018.

Litigation

Other than as disclosed in Note 20.1 of the Interim Financial Information as included in the 2018 Mid Year Financial Report of Piraeus Bank Group, none of Piraeus PLC, Piraeus Bank or any subsidiary of Piraeus Bank is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Piraeus PLC or Piraeus Bank is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of Piraeus PLC, Piraeus Bank or Piraeus Bank Group.

No significant or material adverse change

There has been no material adverse change in the prospects of the Issuer, or the Group, since 31 December 2017 (the last day of the financial period in respect of which the most recent annual audited consolidated financial statements of the Issuer have been prepared), and no significant change in the financial or trading position of the Issuer or the Group since 30 June 2018 (the last day of the financial period in respect of which the most recent published unaudited consolidated interim financial information of the Issuer and the Group has been prepared).

Documents available for inspection

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents or the Luxembourg Listing Agent:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the annual financial report which incorporates audited financial statements of the Issuer (on both a consolidated and separate basis) in respect of the financial years ended 31 December 2016 and 31 December 2017 (with an English translation thereof), in each case together with the independent auditor's reports prepared in connection therewith;
- (c) the interim report including the financial statements of Piraeus Bank in respect of the three and six months ended 30 June 2018, including the unaudited consolidated interim condensed financial statements as at and for the three and six months ended 30 June 2018;
- (d) the Trust Deed, the Agency Agreement, and the forms of the Global Covered Bonds, the Covered Bonds in definitive form, the Coupons and the Talons;

- (e) a copy of this Base Prospectus; and
- (f) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Covered Bond which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Covered Bonds and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, any supplement to the Base Prospectus and any documents incorporated by reference will also be available for inspection free of charge from the internet site of the Luxembourg Stock Exchange, at www.bourse.lu.

Clearing Systems

The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Series of Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 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 current statutory auditors of Piraeus Bank are Deloitte Certified Public Accountants S.A., 3a Fragkoklissias & Granikou Str., GR-151 25 Maroussi, Athens, Greece (member of the Institute of Certified Public Accountants of Greece).

The former statutory auditors of Piraeus Bank were PricewaterhouseCoopers S.A., 268 Kifissias Avenue 152 32 Halandri, Greece (member of the Institute of Certified Public Accountants of Greece). PricewaterhouseCoopers S.A.'s term of office ended on 27 June 2017.

The audited consolidated financial statements of the Group as of 31 December 2017 were prepared in accordance with the IFRS and have been audited by Deloitte Certified Public Accountants S.A. – Athens, independent auditors as stated in their reports which have been incorporated by reference. The audited consolidated financial statements of the Group as of 31 December 2016 were prepared in accordance with the IFRS and have been audited by PricewaterhouseCoopers S.A. – Athens, independent auditors as stated in their reports which have been incorporated by reference.

The auditors' report on the consolidated and separate financial statements of Piraeus Bank and the Group for the year ended 31 December 2016 (on pages 59 to 60 of the report) contains a paragraph headed "Emphasis of matter" in relation to the Group's ability to continue as a going concern.

The paragraph in relation to the consolidated financial statements of the Group states:

"Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption."

Legal Entity Identifier

The Issuer's Legal Entity Identifier (LEI) is M6AD1Y1KW32H8THQ6F76.

REGISTERED OFFICE OF THE ISSUER

Piraeus Bank S.A.

4 Amerikis Street
10564 Athens
Greece

ARRANGER

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

DEALERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

Piraeus Bank S.A.

4 Amerikis Street
10564 Athens
Greece

TRUSTEE

Citicorp Trustee Company Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

PRINCIPAL PAYING AGENT, TRANSFER AGENT, REGISTRAR AND ACCOUNT BANK

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

LEGAL ADVISERS

To the Arranger, the Trustee and the Dealers as to English law

Norton Rose Fulbright LLP

3 More London Riverside
London SE1 2AQ

To the Issuer as to English law

Clifford Chance LLP

10 Upper Bank Street
London E14 5JJ

To the Issuer as to Greek law

Dracopoulos & Vassalakis LP

4 Karageorgi Servias
Syntagma Square
10562 Athens
Greece

To the Arranger and the Dealers as to Greek law
Moratis Passas
15 Voukourestiou Street
106 71 Athens
Greece

INDEPENDENT AUDITORS TO THE ISSUER
Deloitte Certified Public Accountants S.A.
3a Fragkoklisias & Granikou Str
GR-151 25 Maroussi
Athens
Greece

LUXEMBOURG LISTING AGENT
Banque Internationale à Luxembourg S.A.
69 route d'Esch
Luxembourg L-2953
Luxembourg

INDEX

- 2016 Annual Financial Report, 66
- 2017 Annual Financial Report, 66
- 2018 Mid Year Financial Report, 67
- 2018 Stress Test, 30
- 30/360, 119
- 30E/360, 120
- 30E/360 (ISDA), 120
- 360/360, 119
- 632/Annul, 242
- 633/Annul, 242
- 933 Annul, 242
- Account Bank, 68
- Accrual Period, 119
- Accrual Yield, 126
- Acquisitions, 162
- Actual/360, 119
- Actual/365 (Fixed), 119
- Actual/365 (Sterling), 119
- Actual/Actual, 119
- Actual/Actual (ICMA), 119
- Actual/Actual (ISDA), 119
- Additional Cover Pool Assets, 80
- adjusted, 121
- Adjusted Required Redemption Amount, 252
- Adjustment Spread, 116
- Agency Agreement, 101, 103, 257
- Agents, 73, 103
- AISP, 236
- ALCO, 179
- Alternative Reference Rate, 117
- Amortisation Test, 87
- ANFA, 211
- APMs, 202
- AQR, 205
- Article 152, 72, 107, 157
- Article 632 Suspension Petition, 46, 242
- Article 632-633 Annulment Petition, 46
- Article 633 Annulment Petition, 46
- Article 933 Annulment Petition, 46
- Article 937 Suspension Petition, 47, 243
- Asset Monitor, 68
- Asset Monitor Agreement, 100
- Asset Monitor Report, 256
- Asset Percentage, 84
- ATEbank, 206
- ATEbank Acquisition, 161
- Athens Business Day, 74
- ATHEX, 161
- Authorised Investments, 89
- Bank, 1
- Bank Account Agreement, 101
- Bank Accounts, 101
- Bank of Greece Governor's Acts, 229
- Bank Recovery and Resolution Directive, 223
- Bankruptcy Code, 53
- Barclays Bank PLC, 68
- Base Prospectus, 1, 145
- Base Prospectus), 145
- Basel II, 223
- Basel III, 227
- Basel IV, 229
- BCBS, 229
- Bearer Definitive Covered Bonds, 103
- Bearer Global Covered Bonds, 142
- Benchmark, 44
- Benchmark Rate Modification Certificate, 117
- Benchmark Regulation, 44
- Benchmarks, 44
- Benchmarks Regulation, 5
- Board of Directors, 167
- BoD, 167
- Bond Basis, 119
- Bond Loan and Securitization Law, 62
- Borrower, 9
- Broken Amount, 110
- BRRD, 223
- business day, 124
- Business Day, 118
- Business Day Convention, 118
- Calculation Agent, 73, 103, 111
- Calculation Amount, 126
- Calculation Date, 83
- CEO, 180
- CET 1, 228
- CET-1 Capital Adequacy Ratio, 27
- Charged Property, 74
- CHF, 4
- CHF Collection Account, 91
- Clearstream, Luxembourg, 77, 105, 142
- Code, 122
- Code of Conduct, 45
- Collection Accounts, 91
- Collection Period, 102
- Collection Period End Date, 102
- Collection Period Start Date, 102
- Commingling Required Amount, 254
- Commingling Reserve Advance, 254
- Commingling Reserve Ledger, 94, 254
- Commingling Withdrawal Amount, 94, 254
- Commission's Proposal, 63
- Common Depositary, 142
- Common Safekeeper, 142
- Conditions, 3, 71, 104
- Council, 55
- Couponholders, 104
- Coupons, 104
- Cover Pool, 1, 79
- Cover Pool Asset, 79
- Cover Pool Assets, 79
- Covered Bond, 69
- Covered Bond Swap, 260
- Covered Bond Swap Agreement, 260
- Covered Bond Swap Agreements, 261

Covered Bond Swap Early Termination Event, 261
Covered Bond Swap Provider, 70
Covered Bondholders, 3, 69, 104
Covered Bonds, 1
Covered Bonds Available Funds, 95
CRA Regulation, 1, 40
CRD II, 223
CRD III, 223
CRD IV, 26, 223, 228
CRO, 180
CRR, 25, 223, 228
CSSF, 1, 77
Cypriot Acquisitions, 162
Cypriot Banks, 162
D, 266
Day Count Fraction, 119
DBRS, 1
Dealer, 1
Dealers, 1
Deed of Charge, 100
Deed of Charge Security, 258
Definitive Covered Bonds, 103
Deposit Cover Scheme, 231
Deposit Guarantee Fund, 231
Designated Account, 124
Designated Bank, 124
Designated Maturity, 111, 114
Determination Date, 121
Determination Period, 121
DGF, 231
DGS, 28
DGSD, 28
Dispute, 141
doBank, 34
Documents, 140
Earliest Maturing Covered Bonds, 251
Early Redemption Amount, 126
EBA, 30
ECB, 16, 84
ECOFIN Council, 232
EEA, 5
EEA Credit Institution, 258
EFSF, 22
ELA, 18
Eligibility Criteria, 82
Eligible Institution, 69
Eligible Investments, 84
EMU, 4
EP, 174
ESMA, 1
Established Rate, 126
EU, 16
EUR, 4
EUR Collection Account, 91
EURIBOR, 13
euro, 4, 126
Euro Equivalent, 252
Eurobond Basis, 120
Euroclear, 77, 105, 142
Euro-zone, 111
Event of Default, 96, 134
Excess Amount, 92
Excess Swap Collateral, 96
Exchange Date, 142
Exchange Event, 143, 144
Extended Final Maturity Date, 37, 75
Extraordinary Resolution, 126
FATF, 233
FIEA, 271
Final Maturity Date, 75
Final Redemption Amount, 37, 75, 126
Final Terms, 1, 71
Financial Envelope, 203
First Economic Adjustment Programme, 208
Fitch, 1, 70
Fixed Coupon Amount, 110
Fixed Interest Period, 110, 121
Fixed Rate Covered Bonds, 71
Floating Rate, 111
Floating Rate Convention, 118
Floating Rate Covered Bonds, 71
Floating Rate Option, 111
Following Business Day Convention, 118
Former Residence, 140
Forward Starting Covered Bond Swap, 260
FTT \i, 267
FX Rate Swap, 263
FX Rate Swap Agreement, 263
FX Rate Swap Provider, 70, 263
FX Swap Early Termination Event, 263
GCCP, 33
GDP, 36
Geniki Acquisition, 161
GFN, 211
Global Covered Bond, 103, 142
Greece, 4
Greek Banking Legislation, 250
Greek Bankruptcy Code, 250
Greek BRRD Law, 216
Greek Covered Bond Legislation, 72, 107
Greek Law 3723/2008, 22
Greek State, 4
Group, 161
G-SIIs, 228
HCMC, 18, 161
HDIGF, 29, 214, 231
Hedging Agreements, 101
Hedging Counterparties, 70
HFSF, 16, 214
holder of Covered Bonds, 106
holders, 104
HRADF, 175
IA Determination Cut-off Date, 115
ICAAP, 182
ICSDs, 265
IDR, 69
IFRS, 162
IFRS 9, 27
IGAs \i, 268

ILAAP, 182
 IMD, 5
 Indemnity, 100
 Independent Adviser, 117
 Insolvency Event, 249
 Institutions, 203
 Insurance Mediation Directive, 270
 interest, 126
 Interest Amount, 113
 Interest Commencement Date, 71, 121
Interest Cover Test, 86
 Interest Payment Date, 111, 121
 Interest Payment Dates, 121
 Interest Period, 111, 121
 Interest Rate Swap, 259
 Interest Rate Swap Agreement, 259
 Interest Rate Swap Early Termination Event, 259
 Interest Rate Swap Provider, 70, 259
 Investment Bank, 249
 Investments Cover Scheme, 231
 Investor Put, 129
 Investor Report, 102
 Investor Report Date, 102
 Investor Repurchase Put, 130
 Investor's Currency, 65
 ISDA Definitions, 72, 111
 ISDA Determination, 111
 ISDA Rate, 111
 ISO, 191
 Issue Date, 70
 Issue Price, 74
 Issuer, 1, 103
 Issuer Call, 129
 Issuer Event, 88, 132
 Issuer Insolvency Event, 80, 133
 Issuer Rating Downgrade, 254
 Issuer Rating Upgrade, 254
 Issuer Standard Variable Rate, 259
 Late Payment, 131
 Late Payment Date, 132
 LEI, 275
 Levy, 78
 LIBOR, 44
 Loan Assets, 78
 Loans, 78
 Long Maturity Covered Bond, 123
 Luxembourg Act, 1
 Luxembourg Listing Agent, 70
 Luxembourg Stock Exchange's regulated market, 1
 Margin, 72
 Marketable Assets, 84
 Markets in Financial Instruments Directive II, 1
 Master Definitions and Construction Schedule, 104
 MBG, 162
 MBG Acquisition, 162
 Member State, 4
 MiFID, 237
 MiFID II, 5, 237, 270
 MiFID Law, 237
 MiFID Product Governance Rules, 6
 MiFIR, 237
 Minimum Credit Rating, 81
 Minimum Rate of Interest, 127
 Modified Following Business Day Convention, 119
 Monitoring Trustee, 31
 Monthly Calculation Date, 83
 Moody's, 1
 MoU, 23
 MPLs, 191
 Negative Carry Factor, 252
Net Present Value Test, 85
 New Asset Type, 80
 New Company, 140
 New Residence, 140
 NGCB, 123, 142
Nominal Value Test, 84
 Non-Forward Starting Covered Bond Swap, 261
 Non-Performing Loans, 16
 Non-Resident Covered Bondholders, 266
 not adjusted, 121
 Notice of Default, 96, 127, 134
 NPEs, 33
 NPLs, 16
 OAED, 11, 79
 OCR, 27
 OCW, 33
 OEK, 11, 79
 OEK Framework Agreement, 79
 OEK Savings Account, 11
 OEK Subsidised Loans, 79
 offer of Covered Bonds to the public, 270
 Optional Redemption Amount, 127
 Optional Redemption Date, 129
 OTC, 17
 participating Member States, 63
 Pass-Through Covered Bonds, 37, 75, 128
 Paying Agents, 69, 103, 257
 Payment Day, 125
 PCI, 191
 PEP, 233
 Permanent Global Covered Bond, 142
 PFM, 169, 176
 Piraeus AEDAK, 176
 Piraeus Bank, 1, 68
 Piraeus Bank Beograd, 162
 Piraeus Bank Bulgaria, 162
 Piraeus Bank Group, 161
 Piraeus Bank of Greece Account, 93
 Piraeus Group, 161
 Piraeus Monitoring Trustee, 32
 PISP, 236
 PLU, 164
 Post Event of Default Priority of Payments, 109
 Post-Event of Default Priority of Payments, 99
 Potential Event of Default, 127
 PPA, 171
 Preceding Business Day Convention, 119

Pre-Event of Default Priority of Payments, 97, 108
PRIIPS Regulation, 5
principal, 125
Principal Amount Outstanding, 75, 121
Principal Paying Agent, 69, 103
Priorities of Payments, 99, 109
Priority of Payments, 99, 109
Programme, 1, 70
Programme Agreement, 269
Programme Closing Date, 100
Programme Payment Date, 74
Programme Payment Period, 96
Programme Resolution, 137
Prop Index Valuation, 86
Prospectus Directive, 1, 145, 271
PSD, 236
PSD II, 236
PSI, 208
Put Notice, 130
Rate of Interest, 127
Rating Agencies, 70
Rating Agency, 70
Rating Agency Confirmation, 40
RBU, 164
Recapitalisation Plan, 204
Receiver, 73
Record Date, 124
Redeemed Covered Bonds, 129
Reference Banks, 113
Reference Price, 127
Reference Rate, 113
Refinance Date, 76
Register, 124
Registered Definitive Covered Bonds, 103
Registrar, 69, 103
Registration Statement, 72, 107
Regulation S, 4
Related Security, 78
Relationship Framework Agreement, 22
Relevant Date, 135
relevant Dealer, 1
Relevant Financial Centre, 113
Relevant Implementation Date, 270
Relevant Member State, 4, 270
Relevant Nominating Body, 117
Relibi Law, 267
REO, 169
Replacement Servicer, 249
Representative, 22
Repurchase Date, 130
Required Outstanding Principal Balance Amount, 251
Required Redemption Amount, 252
Reset Date, 111
Resident Covered Bondholders, 266
Resolution Scheme, 231
RFA, 22
RMC, 179
RWA, 26, 186
Screen Rate Determination, 127
Second Economic Adjustment Programme, 31
Secondary Covered Bond Legislation, 72, 107
Secondary Greek Covered Bond Legislation, 157
Secured Creditors, 73, 127
Securities Act, 4
Security, 73
Segregation Event, 92
Selected Loan Offer Notice, 250
Selected Loan Removal Notice, 251
Selected Loans, 250
Selected Loans Balance, 252
Selection Date, 129
Senior Amounts, 92
Series, 104
Series Reserved Matter, 138
Servicer, 68
Servicer Termination Event, 249
Servicing and Cash Management Deed, 100
Servicing and Cash Management Services, 68
Servicing Notification Form, 100
SMEs, 161
SMP, 211
Specified Currency, 103
Specified Denomination, 103
Specified Period, 111
Specified Time, 113, 257
SREP, 27
SRM, 26
SSM, 16
SSM Framework Regulation, 223
SSM Regulation, 223
Standard and Poor's, 1
State Subsidised Loans, 79
State/OEK Subsidised Loans, 79
Statutory Pledge, 72, 107
Statutory Test, 83
Statutory Tests, 83
Subordinated Termination Payment, 98
Subscription Agreement, 102
Subsidiary, 75
Subsidised Interest Amounts, 79
Subsidised Loan, 79
Subsidy Bank Account, 92
Subsidy Payments, 92
sub-unit, 121
Successor Rate, 117
Support Scheme, 22
Swap Collateral, 96
Swap Collateral Excluded Amounts, 95
Swiss francs, 4
Talons, 104
TARGET2, 118
TARGET2 System, 118
Temporary Global Covered Bond, 142
Third Economic Adjustment Programme, 15
Third Party Collection Account, 93
Tirana Bank, 162
TMU, 212
Tranche, 70, 104

Transaction Account, 93
Transaction Documents, 102
Transfer Agent, 74
Transfer Agents, 103
Treaty, 127
Trust Deed, 103
Trustee, 69, 103
UBOS, 233

VaR, 184
VEPE, 174
VIOPA, 174
VIPE, 174
Warrants, 199
Winbank, 161
Zero Coupon Covered Bonds, 72