

# OFFERING CIRCULAR

## PIRAEUS BANK



### PIRAEUS GROUP FINANCE PLC

(incorporated with limited liability in England and Wales)

as Issuer  
and

### PIRAEUS BANK S.A.

(incorporated with limited liability in the Hellenic Republic)

as Issuer and Guarantor

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

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

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

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

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

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

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

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

Application has been made to the Commission de Surveillance du Secteur Financier (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities (loi relative aux prospectus pour valeurs mobilières) (as amended) (the "Prospectus Act 2005") to approve this document as a base prospectus in respect of Piraeus PLC and a base prospectus in respect of Piraeus Bank. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Offering Circular or the quality or solvency of the Issuers in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in the final terms (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, will be filed with the CSSF. Copies of Final Terms in relation to the Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer and the relevant Dealer. The relevant Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. No Notes have been or will be registered under the United States Securities Act 1933, as amended (the "Securities Act") and are subject to U.S. tax law requirements.

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

The Notes of each Tranche will be in bearer form and (unless otherwise specified in the applicable Final Terms) will initially be represented by a temporary global Note which will be deposited on the relevant issue date with a common depository on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), and/or any other agreed clearance system and which will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a permanent global Note either (i) is exchangeable (in whole but not in part) for definitive Notes upon not less than 60 days' notice or (ii) is only exchangeable (in whole but not in part) for definitive Notes following the occurrence of an Exchange Event (as defined on page 57), all as further described in "Form of the Notes" and "Form of Final Terms" below.

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

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation and whether or not such credit rating agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

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

*Arranger*

**Deutsche Bank**

*Dealers*

**Barclays**

**BNP Paribas**

**Credit Suisse**

**Goldman Sachs International**

**Morgan Stanley**

**BofA Merrill Lynch**

**Citi**

**Deutsche Bank**

**HSBC**

**Piraeus Bank S.A.**

**7th August, 2014**

## **IMPORTANT INFORMATION**

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

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

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

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

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

**Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning Piraeus PLC and/ or Piraeus Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of Piraeus PLC and/or Piraeus Bank during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.**

## IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

### Restrictions on Non-exempt offers of Notes in Relevant Member States

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Non-exempt Offer. This Offering Circular has been prepared on a basis that permits Non-exempt Offers of Notes in each member state in relation to which the relevant Issuer has given its consent, as specified in the applicable Final Terms (each specified Member State a "Non-exempt Offer Jurisdiction" and together the "Non-exempt Offer Jurisdictions"). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Offering Circular must do so only with the relevant Issuer's consent to the use of this Offering Circular as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive*" and provided such person complies with the conditions attached to that consent.

Save as provided above, none of Piraeus PLC, Piraeus Bank and any Dealer has authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

### Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of a Non-exempt Offer of such Notes, the relevant Issuer accepts responsibility, in each of the Non-exempt Offer Jurisdictions, for the content of this Offering Circular in relation to any person (an "Investor") who acquires any Notes in a Non-exempt Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to the giving of consent for the use of this Offering Circular are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of Piraeus PLC, Piraeus Bank or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the relevant Issuer or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

**Except in the circumstances set out in the following paragraphs, none of Piraeus PLC and Piraeus Bank and any Dealer has authorised the making of any Non-exempt Offer by any offeror and the relevant Issuer has not consented to the use of this Offering Circular by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the relevant Issuer is unauthorised and none of Piraeus PLC, Piraeus Bank and, for the avoidance of doubt, any Dealer accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.** If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Offering Circular for the purposes of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Offering Circular and/or who is responsible for its contents it should take legal advice.

### **Consent**

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

### *Specific consent*

- (a) the relevant Issuer consents to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by:
  - (i) the relevant Dealer(s) or Manager(s) specified in the applicable Final Terms;
  - (ii) any financial intermediaries specified in the applicable Final Terms;
  - (iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on Piraeus Bank's website ([www.piraeusbankgroup.com](http://www.piraeusbankgroup.com)) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer; and

### *General consent*

- (b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable," the relevant Issuer hereby offers to grant its consent to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes by any other financial intermediary which satisfies the following conditions:
  - (i) it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) (in which regard, Investors should consult the register maintained by the Financial Conduct Authority at: [www.fsa.gov.uk/register/home.do](http://www.fsa.gov.uk/register/home.do)); and
  - (ii) it accepts the relevant Issuer's offer to grant consent to the use of this Offering Circular by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the "Acceptance Statement"):

*"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by [Piraeus Bank S.A.]/[Piraeus Group Finance PLC] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Offering Circular (as defined in the Final Terms) in connection with the offer of the Notes in [Greece/Luxembourg] during the Offer Period and subject to the other conditions to such consent, each as specified in the Offering Circular, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Offering Circular) and confirm that we are using the Offering Circular accordingly."*

The "Authorised Offeror Terms", being the terms to which the relevant financial intermediary agrees in connection with using the Offering Circular, are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of Piraeus PLC, Piraeus Bank and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
  - I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "Rules"), including the Rules published by the United Kingdom Financial Conduct Authority ("FCA") (including its guidance for distributors in "*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*") from time to time including, without limitation and in each case, Rules relating to both the

- appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
- II. comply with the restrictions set out under "*Subscription and Sale*" in this Offering Circular which would apply as if it were a Dealer;
  - III. ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
  - IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the Financial Services and Markets Act 2000;
  - V. comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
  - VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer, the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or directly to the appropriate authorities with jurisdiction over the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer in order to enable the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer;
  - VII. ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
  - VIII. co-operate with the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) upon written request from the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further

assistance as is reasonably requested by the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer:

- (i) in connection with any request or investigation by any regulator in relation to the Notes, the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer; and/or
- (ii) in connection with any complaints received by the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC and/or the relevant Dealer relating to the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or
- (iii) which the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- IX. during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;
- X. either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- XI. ensure that it does not, directly or indirectly, cause the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer to breach any Rule or subject the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- XII. comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;
- XIII. make available to each potential Investor in the Notes this Offering Circular (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by

the relevant Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Offering Circular and the applicable Final Terms; and

XIV. if it conveys or publishes any communication (other than this Offering Circular or any other materials provided to such financial intermediary by or on behalf of the relevant Issuer for the purposes of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the relevant Issuer, that such financial intermediary is solely responsible for such communication and that none of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer (as applicable), use the legal or publicity names of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe Piraeus PLC or Piraeus Bank, as the case may be, as issuer of the relevant Notes and Piraeus Bank as the guarantor of the relevant Notes (if applicable) on the basis set out in this Offering Circular;

(B) agrees and undertakes to indemnify each of the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) or the relevant Dealer; and

(C) agrees and accepts that:

I. the contract between the relevant Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the relevant Issuer's offer to use the Offering Circular with its consent in connection with the relevant Non-exempt Offer (the "Authorised Offeror Contract"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

II. subject to (IV) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror

- Contract) (a “Dispute”) and the relevant Issuer and the financial intermediary submit to the exclusive jurisdiction of the English courts;
- III. for the purposes of (C)(II) and (IV), the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
  - IV. to the extent allowed by law, the relevant Issuer, Piraeus Bank (where the Issuer is Piraeus PLC) and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
  - V. each relevant Dealer and (where the Issuer is Piraeus PLC) Piraeus Bank will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (a)(ii), a(iii) and (b) above are together the “Authorised Offerors” and each an “Authorised Offeror”.

**Any Authorised Offeror falling within (b) above who meets the conditions set out in (b) and the other conditions stated in “Common Conditions to Consent” below and who wishes to use this Offering Circular in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.**

#### ***Common Conditions to Consent***

The conditions to the relevant Issuer’s consent to the use of this Offering Circular in the context of the relevant Non-exempt Offer are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies “General Consent” as “Applicable”) that such consent:

- (i) is only valid during the Offer Period specified in the applicable Final Terms; and
- (ii) only extends to the use of this Offering Circular to make Non-exempt Offers of the relevant Tranche of Notes in the Non-exempt Offer Jurisdictions, as specified in the applicable Final Terms.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Offering Circular.

The only relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any relevant Member States are so specified) as indicated in (ii) above, will be Greece and Luxembourg, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Greece and Luxembourg, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

#### ***ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS***

**AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN**

**RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF PIRAEUS PLC, PIRAEUS BANK AND, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.**

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY**

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

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

The Notes 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, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

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

**All references in this document to “U.S.\$” and “\$” are to United States dollars, those to “Yen” are to Japanese Yen, those to “Sterling” and “£” are to pounds sterling and those to**

**“€” “euro”, “Euro” and “EUR” are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.**

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

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

## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the relevant Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

### Section A – Introduction and warnings

Element	Title
---------	-------

- |            |                                  |   |
|------------|----------------------------------|---|
| <b>A.1</b> | <b>Introduction and Warnings</b> | <ul style="list-style-type: none"><li>• <b>this summary should be read as an introduction to the Offering Circular;</b></li><li>• <b>any decision to invest in the Notes should be based on consideration of the Offering Circular as a whole by the investors;</b></li><li>• <b>where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Offering Circular before the legal proceedings are initiated; and</b></li><li>• <b>civil liability attaches to only those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular or it does not provide, when read together with the other parts of the Offering Circular, key information in order to aid investors when considering whether to invest in such Notes.</b></li></ul> |
|------------|----------------------------------|---|

<b>A.2</b>	<b>Consent</b>	
------------	----------------	--

[Not Applicable – the Notes are not being offered to the public as part of an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish an offering circular (a “Non-exempt Offer”).]

[*Consent:* Subject to the conditions set out below, the Issuer consents to the use of this Offering Circular in connection with an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish an offering circular (a “Non-exempt Offer”) by the Managers[, *(names of specific financial intermediaries listed in final terms,)* [and] [each financial intermediary whose name is published on Piraeus Bank’s website ([www.piraeusbankgroup.com](http://www.piraeusbankgroup.com)) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to

make such offers under [the Financial Services and Markets Act 2000, as amended, or other ]applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):

*"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by [Piraeus Bank, S.A.][Piraeus Group Finance PLC] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Offering Circular (as defined in the Final Terms) in connection with the offer of the Notes in [Greece/Luxembourg] during the Offer Period and subject to the other conditions to such consent, each as specified in the Offering Circular, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Offering Circular) and confirm that we are using the Offering Circular accordingly."*

*Offer period:* The Issuer's consent referred to above is given for Non-exempt Offers of Notes during [*offer period for the issue to be specified here*] (the "Offer Period").

*Conditions to consent:* The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; and (b) only extends to the use of this Offering Circular to make Non-exempt Offers of the relevant Tranche of Notes in [Greece/Luxembourg].

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION.]**

## Section B – Issuers and Guarantor

### Element Title

**B.1 Legal and commercial name of the Issuer** [Piraeus Bank S.A. ("Piraeus Bank");  
Piraeus Group Finance PLC ("Piraeus PLC"),  
(each an "Issuer").]

- B.2 Domicile/ legal form/ legislation/ country of incorporation** [Piraeus Bank is a company limited by shares (*société anonyme*) incorporated and domiciled in Greece pursuant to the laws of the Hellenic Republic and operating as a credit institution under the Codified Law 2190/1920 and Law 4261/2014.]  
[Piraeus PLC is incorporated and domiciled in, and under the laws of, England as a public limited company of indefinite duration and operates under the Companies Act 2006.]
- B.4b Trend information** Not Applicable – There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for its respective current financial year.
- B.5 Description of the Group** Piraeus Bank is a universal bank and leads a group of companies (together, the “Group”) covering all types of financial and banking activities in the Greek market.  
The Group possesses particular know-how in the areas of small and medium-sized enterprises (“SMEs”), retail banking, corporate banking, project finance, leasing, capital markets, investment banking and provides services in equity brokerage, asset management and bancassurance.  
[Piraeus Bank is the flagship company of the Group and the direct parent of the majority of the subsidiaries comprising the Group.]  
[Piraeus PLC is a wholly-owned subsidiary of Piraeus Bank. Piraeus PLC is dependent upon Piraeus Bank for servicing the loans made by Piraeus PLC.]
- B.9 Profit forecast or estimate** Not Applicable – No profit forecasts or estimates have been made in the Offering Circular.
- B.10 Audit report qualifications** Not Applicable – No qualifications are contained in any audit report included in the Offering Circular.

**B.12 Selected historical key financial information:**

**[Piraeus PLC**

The following tables set out selected financial information for Piraeus PLC for each of the two years ended 31st December, 2013 and 31st December, 2012. This financial information has been extracted from the audited financial statements of Piraeus PLC for the financial years ended 31st December, 2013 and 31st December, 2012, respectively.]

## Selected Balance Sheet

	<b>As at 31st December,</b>	
	<b>2013<sup>(2)</sup></b>	<b>2012<sup>(1)</sup></b>
	<b>Amounts in EUR thousand</b>	
Amounts due from parent undertakings .....	603,300	628,046
Corporation tax recoverable .....	7	–
Cash at bank and in hand .....	9	9
<b>Total Assets</b> .....	<b>603,316</b>	<b>628,055</b>
Total liabilities .....	602,212	627,510
Capital and reserves .....	1,104	545
<b>Total Liabilities and Equity</b> .....	<b>603,316</b>	<b>628,055</b>

## Selected Income Statement

	<b>Year ended</b>	
	<b>31st December,</b>	<b>2012<sup>(1)</sup></b>
	<b>2013<sup>(2)</sup></b>	<b>2012<sup>(1)</sup></b>
	<b>Amounts in EUR thousand</b>	
Turnover .....	13,432	34,600
Interest payable .....	(12,592)	(33,109)
Foreign exchange (losses) / gains .....	(3)	(1)
	<b>837</b>	<b>1,490</b>
Administrative Expenses .....	(181)	(139)
<b>Profit on ordinary activities before tax</b> .....	<b>656</b>	<b>1,351</b>
Tax on profit on ordinary activities .....	(97)	(517)
<b>Profit for the financial period</b> .....	<b>559</b>	<b>834</b>

(1) The financial information has been extracted without material adjustment from the audited UK GAAP consolidated balance sheet and income statement for the year 2012.

(2) The financial information has been extracted without material adjustment from the audited UK GAAP consolidated balance sheet and income statement for the year 2013.

## [Piraeus Bank

The following tables set out selected financial information for the Group on a consolidated basis for each of the two years ended 31st December, 2013 and 31st December, 2012 and for the three months ended 31st March, 2014 and 31st March, 2013 (as applicable). This financial information has been derived from the consolidated financial statements of the Group for the financial year ended 31st December, 2013 and for the three months ended 31st March, 2014 and 31st March, 2013 (as applicable), respectively.]

## Selected Balance Sheet

	As at 31st December, 2013 <sup>(1)</sup>	2012 <sup>(1)</sup>	As at 31st March, 2014 <sup>(2)</sup>	2013 <sup>(2)</sup>
<b>Amounts in EUR million</b>				
<b>ASSETS</b>				
Cash and balances with Central Banks .....	2,875	3,308	3,154	3,275
Loans and advances to customers (net of provisions) .....	62,366	44,613	59,455	60,687
Debt securities – receivables .....	15,628	8,016	15,685	8,796
Investment portfolio .....	1,436	4,910	1,134	3,540
Intangible assets .....	300	410	294	419
Property, plant and equipment .....	1,416	1,324	1,386	1,449
Investment property .....	903	1,079	901	1,106
Other assets .....	6,728	6,372	7,113	6,300
Assets from discontinued operations.....	358	377	335	354
<b>TOTAL ASSETS</b> .....	<b>92,010</b>	<b>70,409</b>	<b>89,457</b>	<b>85,926</b>
	<b>As at 31st December, 2013<sup>(1)</sup></b>	<b>2012<sup>(1)</sup></b>	<b>As at 31st March, 2014<sup>(2)</sup></b>	<b>2013<sup>(2)</sup></b>
<b>LIABILITIES</b>				
Due to credit institutions .....	26,275	32,561	23,097	28,105
Due to customers.....	54,279	36,971	54,609	53,340
Debt securities in issue .....	561	858	1,041	826
Liabilities from discontinued operations.....	557	606	554	598
Other liabilities .....	1,795	1,737	1,838	1,757
TOTAL LIABILITIES .....	83,467	72,733	81,138	84,626
TOTAL EQUITY .....	8,543	(2,324)	8,320	1,300
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>92,010</b>	<b>70,409</b>	<b>89,457</b>	<b>85,926</b>

## Selected Income Statement

	Year ended		Period from	
	31st December, 2013 <sup>(1)</sup>	2012 <sup>(1)</sup>	1st January, to 31st March, 2014 <sup>(2)</sup>	2013 <sup>(2)</sup>
	<b>Amounts in EUR million</b>			
Net Interest Income .....	1,662	1,028	479	315
Plus: Net Fee and Commission income .....	287	218	80	55
Trading & Other Income <sup>(3)</sup> .....	3,996	972	(6)	3,476
<b>Total Net Revenues</b> .....	<b>5,945</b>	<b>2,217</b>	<b>553</b>	<b>3,845</b>
Less: Staff expenses .....	(885)	(422)	(190)	(149)
Less: Administrative expenses .....	(626)	(379)	(123)	(88)
Depreciation and amortisation .....	(127)	(105)	(43)	(28)
Less: (Gains)/losses from sale of assets .....	(0)	(1)	(0)	(0)
<b>Total operating expenses before provisions</b> .....	<b>(1,638)</b>	<b>(907)</b>	<b>(355)</b>	<b>(264)</b>
<b>Profit before provisions, impairment and income tax</b> .....	<b>4,308</b>	<b>1,310</b>	<b>198</b>	<b>3,582</b>
Less: Impairment losses on loans, debt securities and other receivables .....	(2,364)	(2,057)	(515)	(505)
Less: Impairment on investment securities .....	(67)	(391)	(0)	(0)
Less: Other provisions and impairment .....	(101)	(60)	(1)	(1)
Plus: Share of profit of associates .....	(29)	15	(4)	2
<b>Profit/(Loss) before income tax</b> .....	<b>1,748</b>	<b>(1,183)</b>	<b>(322)</b>	<b>3,077</b>
Less: Income tax .....	769	663	75	537
<b>Profit/(Loss) after tax from continuing operations</b> .....	<b>2,516</b>	<b>(520)</b>	<b>(246)</b>	<b>3,615</b>
Profit/(Loss) after tax from discontinued operations .....	30	13	(2)	12
<b>Profit/(Loss) after tax</b> .....	<b>2,546</b>	<b>(508)</b>	<b>(248)</b>	<b>3,627</b>
Profit/(Loss) for the period from continuing operations attributable to equity holders of the parent entity .....	2,532	(512)	(247)	3,617
Profit/(Loss) for the period from discontinued operations attributable to equity holders of the parent entity .....	30	13	(2)	12

(1) The financial information has been extracted without material adjustment from the audited IFRS consolidated balance sheet and income statement for the year 2013.

(2) The financial information has been extracted without material adjustment from the unaudited IFRS consolidated balance sheet and income statement for the three months ended 31st March, 2014 and 31st March, 2013 (as applicable).

(3) "Trading & Other Income" for the three months ended 31st March, 2013 includes the amount of €3,418 million which concerns the negative goodwill recognized from the acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) and Geniki Bank S.A. In addition, Trading & Other Income for the fiscal year 2013 includes the amount of €3,810 million which concerns the negative goodwill recognized from the acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Geniki Bank S.A., former ATEbank S.A. and Millennium Bank S.A..

### Statements of no significant change

There has been no significant change in the financial or trading position of Piraeus Bank or the Group since 31st March, 2014, the last day of the financial period in respect of which the most recent financial statements of Piraeus Bank and the Group have been prepared.

There has been no significant change in the financial or trading position of Piraeus PLC since 31st December, 2013, the last day of the financial period in respect of which the most recent financial statements of Piraeus PLC have been prepared.

### ***Statements of no material adverse change***

There has been no material adverse change in the prospects of Piraeus Bank or the Group since 31st December, 2013, the last day of the financial period in respect of which the most recently audited financial statements of Piraeus Bank and the Group have been prepared.

There has been no material adverse change in the prospects of Piraeus PLC since 31st December, 2013, the last day of the financial period in respect of which the most recently audited financial statements of Piraeus PLC have been prepared.

<b>B.13 Events impacting the Issuer's solvency</b>	Not Applicable – There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
<b>B.14 Dependence upon other group entities</b>	<p>See Element B.5. [Piraeus Bank is the direct parent of the majority of the subsidiaries comprising the Group and is not dependent upon any other entities within the Group.]</p> <p>[Piraeus PLC is a wholly-owned subsidiary of Piraeus Bank. Piraeus PLC is dependent upon Piraeus Bank for servicing the loans made by Piraeus PLC.]</p>
<b>B.15 Principal activities</b>	<p>[Piraeus Bank's activities consist of the following main operational segments:</p> <ul style="list-style-type: none"><li>• Retail Banking – offering a variety of products in retail banking and developing specialised products for the clientele including deposit and investment products, consumer and mortgage loans, credit cards, bancassurance and insurance brokerage services;</li><li>• Corporate and SMEs Banking – providing financial services to businesses operating in all sectors including business lending and project finance and focussing on servicing the SME market segment;</li><li>• Investment Banking – providing underwriting and advisory services throughout the capital market product spectrum, stock futures trading, equity participations;</li><li>• Asset Management – providing asset management services covering mutual funds and deposits and providing wealth management services;</li><li>• Treasury – overseeing asset and liability management of the Group, engaging in sales and trading activities of Piraeus Bank's clientele and developing competitive specialised financial products; and</li><li>• International Banking Activities – providing banking services to private and corporate customers through retail units located abroad, offering specialised financial services including leasing, insurance and investment services and real estate across the Group's international network.]<p>[Piraeus PLC is a finance company whose sole business is raising debt to be on-lent to Piraeus Bank on an arm's-length basis. Piraeus PLC is dependent upon Piraeus Bank for servicing these loans.]</p></li></ul>
<b>B.16 Controlling shareholders</b>	[[The majority shareholder of Piraeus PLC is Piraeus Bank.] Piraeus Bank is, directly or indirectly, also the holding company of the majority of the companies comprising the

Group and is not aware of any person or persons who does or could, directly or indirectly, jointly or severally, exercise control over Piraeus Bank.]

### **B.17 Credit ratings**

[Piraeus Bank has been rated Caa1 (in the case of Senior Notes) and Caa3 (in the case of Dated Subordinated Notes) by Moody's Investors Services Cyprus Limited, CCC+ (in the case of Senior Notes) and CCC- (in the case of Dated Subordinated Notes) by Standard and Poor's Credit Market Services Italy, S.r.l. and B- (in the case of Senior Notes) by Fitch Ratings España SAU.]

The Programme has been rated Caa1 by Moody's Investors Services Cyprus Limited ("Moody's"), CCC+ by Standard and Poor's Credit Market Services Italy, S.r.l. ("S&P") and B- by Fitch Ratings España SAU ("Fitch"). Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme or Piraeus Bank by Moody's S&P or Fitch.

[The Notes to be issued [have been/are expected to be] rated ● by ●.]

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

[Not Applicable – No ratings have been assigned to the Issuer or its debt securities at the request of or with the co-operation of the Issuer in the rating process.]

### **B.18 Description of the Guarantee**

[Not Applicable. The Notes issued by Piraeus Bank are not guaranteed.]

[The payment of principal and interest in respect of the Notes issued by Piraeus PLC will be irrevocably guaranteed by Piraeus Bank S.A. (the "Guarantor").]

[In the case of Senior Notes, the obligations of the Guarantor under its guarantee will constitute direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject to the provisions of the Guarantor's negative pledge) and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.]

[In the case of Dated Subordinated Notes, all claims under the guarantee will be subordinated to the claims of the Senior Creditors of the Guarantor in that payments will be conditional upon the Guarantor being solvent at the time of payment and in that no amount shall be payable under the guarantee except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For this purpose, the Guarantor shall be considered to be solvent if it can pay principal and interest in respect of the Notes and still be able to pay its outstanding

debts to Senior Creditors of the Guarantor, which are due and payable.

“Senior Creditors” means creditors of the relevant Issuer or, as the case may be, the Guarantor who (x) are unsubordinated creditors of the relevant Issuer or, as the case may be, the Guarantor or (y) are subordinated creditors of the relevant Issuer or, as the case may be, the Guarantor whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes (whether only in the winding up of such Issuer or, as the case may be, the Guarantor, or otherwise) or (in case of the Guarantor) other persons claiming under the applicable deed of guarantee.]

**B.19 Information about the Guarantor**

[Not Applicable. The Notes issued by Piraeus Bank are not guaranteed.]

[Piraeus Bank is the Guarantor of Notes under the Programme.

Information relating to Piraeus Bank is set out in this Section B.]

**Section C – Securities**

**Element Title**

**C.1 Description of Notes/ISIN**

The Notes are [£/€/U.S.\$/CHF/JPY/●] ● [● per cent./Reset/Floating Rate/Zero Coupon] Notes due ●.

The International Securities Identification Number (“ISIN”) is ●.

The Common Code is ●.

[The Notes will be consolidated and form a single series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expressed to occur on or about [date].]

**C.2 Currency**

The currency of this Series of Notes is [Pounds Sterling (“£”)/Euro (“€”)/U.S. dollars (“U.S.\$”)/Swiss Francs (“CHF”)/Japanese Yen (“JPY”)/●].

**C.5 Restrictions on transferability**

Not Applicable - There are no restrictions on free transferability of the Notes.

**C.8 Rights attached to the Notes, including ranking and limitations on those rights**

Notes issued under the Programme will have terms and conditions relating to, among other matters:

**Status and Subordination**

Notes may be issued on either a senior or a subordinated basis referred to as the Senior Notes and the Dated Subordinated Notes, respectively.

Senior Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of the Issuers’ negative pledge below) unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of such Issuer (other than those preferred by mandatory provisions of law).

Payments in respect of any Dated Subordinated Notes will constitute direct, unsecured and subordinated obligations of

the relevant Issuer and will rank at all times *pari passu* among themselves. All claims in respect of the Dated Subordinated Notes will be subordinated to the claims of the Senior Creditors of the relevant Issuer in that payments will be conditional upon such Issuer being solvent at the time of payment and in that no amount shall be payable under the Dated Subordinated Notes except to the extent that the relevant Issuer could make such payment and still be solvent immediately thereafter. For this purpose, the relevant Issuer shall be considered to be solvent if it can pay principal and interest in respect of the Notes and still be able to pay its outstanding debts to Senior Creditors of such Issuer, which are due and payable.

[This Series of Notes is issued on a [senior/subordinated] basis.]

***Issuers' negative pledge***

The terms of the Senior Notes will contain a negative pledge provision to the effect that, so long as any Senior Note remains outstanding, neither the relevant Issuer nor the Guarantor (where the Issuer is Piraeus PLC) will, save for certain exceptions, create or permit to subsist any mortgage, charge, lien, pledge or other similar encumbrance or security interest upon the whole or any part of its undertakings or assets, to secure any borrowings of the relevant Issuer or the Guarantor (if applicable) having an original maturity of more than one year represented by bonds, notes, debentures or other debt securities which, with the consent of the relevant Issuer or the Guarantor (if applicable) are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other organised market for securities, or any guarantee or indemnity given in respect thereof, without at the same time or promptly securing the Notes equally and rateably therewith or providing other security for the Notes as shall be approved by an extraordinary resolution of the holders of the Senior Notes.

The Dated Subordinated Notes do not contain a negative pledge.

***Events of default***

The terms of the Senior Notes will contain, amongst others, the following events of default:

- (i) default in payment of any principal or interest due in respect of the Senior Notes, continuing for a specified period of time;
- (ii) non-performance or non-observance by the relevant Issuer or the Guarantor (if the Issuer is Piraeus PLC) of any of its other obligations under the conditions of the Senior Notes, in certain cases continuing for a specified period of time;
- (iii) acceleration by reason of default of the repayment of any indebtedness or default in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness by the relevant Issuer or the Guarantor (if the Issuer is Piraeus PLC), in

any case so long as any such indebtedness exceeds the specified threshold; and

- (iv) order made by any competent court or resolution passed for winding up or dissolution of the relevant Issuer or the Guarantor (where the Issuer is Piraeus PLC) (other than for specified exceptions);
- (v) save for the purposes of specified exceptions, the relevant Issuer or the Guarantor (where the Issuer is Piraeus PLC) ceases to carry on the whole or substantially the whole of its business;
- (vi) events relating to the winding-up or dissolution of the relevant Issuer or the Guarantor (as the case may be);
- (vii) disposal of whole or major part of undertakings or assets that is substantial in relation to the assets of the relevant Issuer or Piraeus Bank and its subsidiaries as a whole (except where such disposal is on an arm's length basis); and
- (viii) (where the Issuer is Piraeus PLC) the Guarantee ceases to be in full force and effect.

The terms of the Dated Subordinated Notes will contain, amongst others, the following events of default:

- (i) default in payment of any principal or interest due in respect of the Dated Subordinated Notes, continuing for a specified period of time; and
- (ii) order made by any competent court or resolution passed for winding up or dissolution of the relevant Issuer or the Guarantor (where the Issuer is Piraeus PLC) (other than for an amalgamation or reconstruction approved by an extraordinary resolution of the holders of Dated Subordinated Notes).

### ***Taxation***

All payments in respect of Notes issued by Piraeus Bank will be made without deduction for or on account of Greek withholding taxes (and, in the case of Notes issued by Piraeus Bank through a branch situated in a jurisdiction other than the Hellenic Republic, withholding taxes imposed by the jurisdiction where such branch is situated) and all payments in respect of Notes issued by Piraeus PLC will be made without deduction for or on account of UK withholding taxes, in each case unless required by law. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.

All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or

agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

### **Meetings**

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

### **Governing law**

Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except that the conditions relating to (i) the status of the Dated Subordinated Notes where Piraeus Bank acts in its capacity as issuer or guarantor and (ii) the status of the guarantee in relation to the Dated Subordinated Notes, shall be governed by Greek law.

## **C.9 Interest/Redemption including:**

- **the nominal interest rate**
- **the date from which interest becomes payable and the due dates for interest**
- **where the rate is not fixed, description of the underlying on which it is based**

Please also refer to Element C.8

### **Interest**

[The Notes bear interest [from their date of issue/from ●] at the fixed rate of ● per cent. per annum. The yield of the Notes is ● per cent. Interest will be paid [annually/semi-annually/quarterly/monthly] in arrear on ● [and ●] in each [year/month] [, subject to adjustment for non-business days]. The first interest payment will be made on ●.]

[The Notes bear interest (a) [from their date of issue/from ●] to the first Reset Date occurring thereafter at an initial fixed rate of ● per cent. per annum; and (b) in respect of each successive ●-year period thereafter, at a rate per annum equal to the sum of ● and a margin of ● per cent., in each case, payable [annually/semi-annually/quarterly/monthly] in arrear on ● [and ●] in each [year/month].]

[The Notes bear interest [from their date of issue/from ●] at floating rates calculated by reference to ● month [[*currency*] LIBOR/EURIBOR [plus/minus] a margin of ● per cent.. Interest will be paid [annually/semi-annually/quarterly/monthly] in arrear on ● [and ●] in each [year/month], subject to adjustment for non-business days. The first interest payment will be made on the interest payment date falling in ●.]

[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]

Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on ● at [par/● per cent. of their nominal amount].

The Notes may be redeemed early for tax reasons [and regulatory capital disqualification reasons] at ● per cent. of the nominal amount of the Notes. [The Notes may also be redeemed before the maturity date at the option of [the Issuer ([either in whole or in part] / [in whole only]) [and/or] [the holders of the Notes] at [100 per cent. of the nominal amount of the Notes/●] on ● [and ●].]

## **Redemption including maturity date and arrangements for the amortisation of the loan, including the repayment procedures**

<b>Indication of yield</b>	[The yield on the Notes is ● per cent. per annum. The yield is calculated at the issue date of the Notes on the basis of the issue price of the Notes of ● per cent. It is not an indication of future yield.]
<b>Representative of holders</b>	Not Applicable – No representative of the holders of the Notes has been appointed by the Issuers.
<b>C.10 Derivative component in the interest payments</b>	Please also refer to Element C.9 Not Applicable – There is no derivative component in the interest payments.
<b>C.11 Admission to trading in respect of Notes with a denomination of less than EUR100,000 (or its equivalent in other currencies)</b>	[Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [Luxembourg Stock Exchange].] [The Notes are not intended to be admitted to trading on any market.]
<b>C.21 Admission to trading in respect of Notes with a denomination of at least EUR100,000 (or its equivalent in other currencies)</b>	[Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [Luxembourg Stock Exchange].] [The Notes are not intended to be admitted to trading on any market.]

## Section D – Risks

Element	Title
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<b>D.2</b>	<b>Key risk factors regarding the Issuer [and the Guarantor]</b>
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In purchasing Notes, investors assume the risk that the relevant Issuer [and/or the Guarantor (if applicable)] may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the relevant Issuer [and/or the Guarantor] becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such risks or to determine which risks are most likely to occur, as the relevant Issuer [and the Guarantor (if applicable)] may not be aware of all relevant risks and certain risks which they currently deem not to be material may become material as a result of the occurrence of events outside such Issuer's [and the Guarantor's (if applicable)] control. The Issuers [and the Guarantor (if applicable)] have identified a number of key risks which could materially adversely affect their businesses and ability to make payments due under the Notes. These include:

- the financial recession in the Greek economy and the adverse macroeconomic developments are likely to have a material adverse effect on Piraeus Bank's performance, results of operations and financial conditions;
- Piraeus Bank operates in a regulated environment that imposes costs and significant compliance requirements. Changes in regulatory framework, including new capital requirements, may further increase the cost and complexity of doing business, or may disadvantage Piraeus Bank relative to its competitors. The failure to comply with regulations could subject Piraeus Bank to sanctions or oblige it to change the scope or nature of its operations;
- Piraeus Bank's ability to raise funds in the capital markets is restricted due to the ongoing financial crisis, making it dependent on the ECB and the Bank of Greece for funding and vulnerable to changes in the regulations of these institutions;
- the measures taken by various governments to strengthen Greek banks' capital and liquidity positions may not result in desired improvements and such failure poses risks that can materially harm Piraeus Bank's business, financial conditions and results of operations;
- the management and business decisions of Piraeus Bank may be materially affected by the veto powers of the representatives appointed under the support scheme and under the Hellenic Financial Stability Fund's recapitalisation of Greek banks;
- the acquisitions of various businesses made by Piraeus Bank may not result in expected benefits and cost synergies;
- Piraeus Bank is subject to the stress tests analysis published by various regulators which may affect market perception and lead to loss of confidence thereby having an

adverse effect on operations and financial condition of Piraeus Bank;

- Piraeus Bank's international operations are exposed to the risk of adverse political, governmental or economic developments in the countries in which it operates; and
- Piraeus Bank is subject to the risk of adverse changes in credit quality of borrowers and the repayment of loans and amounts due from borrowers and counterparties, which, along with past due loans and non-performing loans, may negatively affect the Group's operating results. The ability of Piraeus Bank to obtain payments from defaulting creditors may be limited by the applicable laws and regulations.

[Piraeus PLC is a funding vehicle for Piraeus Bank. Therefore, any failure by Piraeus Bank to pay amounts outstanding under any intra-group loans made by Piraeus PLC to Piraeus Bank would affect Piraeus PLC's ability to meet its payment obligations under the issued Notes.]

### **D.3 Key risks regarding the Notes**

There are also risks associated with the Notes. These include a range of market risks (including that there may be no or only a limited secondary market in the Notes and therefore, holders of Notes may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market, that an optional redemption feature is likely to limit the secondary market value of the Notes such that the secondary market value of such Notes will not rise substantially above the price at which they can be redeemed, that the relevant Issuer's ability to convert the interest rate on Notes from a fixed rate to a floating rate (or vice versa) will affect the secondary market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing and to a rate which is lower than other comparable fixed or floating rate notes (as applicable), that the Reset Notes will initially be on interest at the initial rate of interest but such interest will reset on each Reset Date, which can be expected to affect the interest payments on an investment in Reset Notes and could affect the market value of the Notes, that the secondary market value of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes, that the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency, that any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes and that changes in interest rates will affect the value of Notes which bear interest at a fixed rate), that the relevant Issuer's [and Guarantor's (if applicable)] obligations under Dated Subordinated Notes are subordinated and will rank junior in priority to the claims of Senior Creditors. Although Dated Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that a holder of a Subordinated Note will lose some or all of their investment should the relevant Issuer become

insolvent, the fact that the conditions of the Notes may be modified without the consent of the holder in certain circumstances, that the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the relevant Issuer [or the Guarantor (if applicable)] in order to comply with applicable law and that investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them.

### Section E – Offer

Element	Title	
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks</b>	[The net proceeds from the issue of Notes will be applied by the Issuer for the general corporate and financing purposes of the Group [and[ ]].]
<b>E.3</b>	<b>Terms and conditions of the offer</b>	<p>[This issue of Notes is being offered in a Non-exempt Offer in [specify particular country/ies].</p> <p>The issue price of the Notes is ● per cent. of their nominal amount.</p> <p>[Summarise any public offer, copying the language from paragraphs [8viii] and [9] of Part B of the Final Terms.]</p> <p>Offer Price: [Not Applicable/[ ]]</p> <p>Conditions to which the offer is subject: [Not Applicable/[ ]]</p> <p>Description of the application process: [Not Applicable/[ ]]</p> <p>Details of the minimum and/or maximum amount of application (whether in numbers of securities or aggregate amount to invest): [Not Applicable/[ ]]</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[ ]]</p> <p>Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[ ]]</p> <p>Full description of the manner and date on which results of the offer are to be made to public: [Not Applicable/[ ]]</p>

	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/[ ]]
	Process for notification to applicants of the amount of Notes allotted and indication whether dealing may begin before notification is made:	[Not Applicable/[ ]]
	Details of any tranche(s) reserved for specific country:	[Not Applicable/[ ]]
	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/[ ]]
	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/[ ]]
	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/[ ]]
<b>E.4 Interest of natural and legal persons involved in the issue/offer</b>	<p>The Dealers will be paid aggregate commissions equal to ● per cent. of the nominal amount of the Notes. Any Dealer and its affiliates may also 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 the Guarantor] and [its/their respective] affiliates in the ordinary course of business.</p> <p>[Other than as mentioned above, [and save for ●,] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]</p>	
<b>E.7 Expenses charged to the investor by the Issuer</b>	Not Applicable – No expenses will be charged to investors by the Issuer.	

## **RISK FACTORS**

In purchasing Notes, investors assume the risk that Piraeus PLC and/or Piraeus Bank may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in Piraeus PLC and/or Piraeus Bank becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such risks or to determine which risks are most likely to occur, as Piraeus PLC and Piraeus Bank may not be aware of all relevant risks and certain risks which they currently deem not to be material may become material as a result of the occurrence of events outside Piraeus PLC's and Piraeus Bank's control. Piraeus PLC and Piraeus Bank have identified in this Offering Circular a number of factors which could materially adversely affect their respective businesses and ability to make payments due under the Notes.

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

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

THE PURCHASE OF NOTES 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 NOTES. 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 OFFERING CIRCULAR 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 RELEVANT ISSUER AND/OR THE GUARANTOR, IF APPLICABLE, OR ANY DEALER.

CERTAIN ISSUES OF NOTES 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 Piraeus Bank's ability to fulfil its obligations under Notes issued under the Programme or under the Deed of Guarantee.

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

For the 3 month period ended 31st March, 2014, 83.5 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, results of operations, the quality of its assets and its general financial condition directly and significantly. In addition, as a financial institution operating in Greece, Piraeus Bank holds a portfolio of Greek government debt. As at 31st December, 2013, positions in debt securities issued by the Hellenic Republic amounted to €1,719 million, including Greek government bonds with a book value of €60 million, Greek treasury bills with a book value of €387 million and debt securities of the Greek government with a book value of €1,272 million, issued in accordance with Law 3723/2008. Of these securities, debt securities with a book value of €750 million were made available to Piraeus Bank for the subscription by the Greek government of €370 million in preference shares, which were issued in 2009, and €380 million, which were issued in 2011. In total, Greek government debt represented approximately 1.6 per cent. of assets as at 31st March, 2014, whereas Greek government bonds (excluding Pillar I Greek government bonds of Law 3723/2008) represented 0.2 per cent. of assets as at 31st March, 2014.

As a result of the above-mentioned developments, and the preservation of Greece's Eurozone membership, on 18th December, 2012, Standard & Poor's Credit Market Services Europe Limited

upgraded Greece's long term credit rating to B- with a stable outlook and its short term credit rating to B from SD (selective default). Moody's Investors Service Limited, which had downgraded Greece's credit rating to Ca on 25th July, 2011 and again to C on 2nd March, 2012, upgraded Greece's credit rating to Caa3 on 29th November, 2013 and to Caa1 on 1st August, 2014. Fitch Ratings Limited, which downgraded Greece to CCC from B-/Stable on 17th May, 2012, upgraded Greece's long-term credit rating and short-term rating to B- and B, respectively, on 14th May, 2013 and on 23rd May, 2014 upgraded further the long-term credit rating to B. The outlook on the long-term credit rating is stable. Piraeus Bank's current long term credit rating by Standard & Poor's, Moody's and Fitch is CCC+, Caa1 and B-, respectively, while its short term credit rating is C, NP and B, respectively.

The Greek economy has encountered and continues to encounter significant and unprecedented fiscal challenges and structural weaknesses. The Greek economy is in the seventh year of financial recession and the Hellenic Republic faces unprecedented pressure on its public finances. As at 31st March, 2014 Greece's central government debt was €320.4 billion compared to €321.5 billion as at 31st December, 2013 and €305.5 billion as at 31st December, 2012. Given the current macroeconomic environment, 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 exist:

- The Greek economy continues to face significant macroeconomic challenges and significant uncertainty remains given the persistent concerns on a possible exit of Greece from the Eurozone if it fails to meet targets.
- The need to implement additional austerity measures during 2014 may extend recessionary pressure and exacerbate the deterioration of the financial climate, lack of liquidity and shrinkage of private consumption. This would create a need for additional fiscal measures, as was the case during 2011, 2012 and 2013.
- Greece may fail to implement or realise the benefits of the new supporting programme for Greece opened on 21st February, 2012, by the IMF, the EU and the ECB (the "Second Economic Adjustment Programme"), leading to significant political and economic consequences.
- Given that the credit ratings of Greek banks are related to the credit rating of the Hellenic Republic, a potential downgrade of the Hellenic Republic could affect Piraeus Bank's credit rating and, ultimately, its results of operations and financial condition.

## **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**

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

The Bank of Greece and other bodies could impose further regulations or obligations, laws, administrative actions, among others, in relation to current and past dealing with customers, either in Greece or in each jurisdiction where Piraeus Bank operates. Furthermore, and given the current market environment, there have been changes to the regulations governing financial and credit

institutions and governmental rules imposed on them. In response to the global and local financial crisis, national governments as well as supranational organisations, such as the European Union ("EU"), have been considering significant changes to current regulatory frameworks, including those pertaining to capital adequacy and 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 HFSF (as defined herein below)), Piraeus Bank expects to face greater regulation in Greece or 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 significant scope 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 favouring or disfavouring certain lines of business.

### **Financial Risks**

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

### **Credit Risk**

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

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

## **Operational Risk**

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

## **Liquidity Risk**

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

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

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

The 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 the need to provide additional collateral 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. On 27th March, 2014, Piraeus Bank issued through its subsidiary, Piraeus PLC, a €500 million 5.0 per cent. senior unsecured bond due 2017. Nevertheless, the Group cannot be certain that access to the capital markets in future periods will be maintained on economically beneficial terms.

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

carries a higher rate of interest, currently 1.25 per cent. in addition to the interest rate charged on ECB funding), has increased considerably since the start of the crisis. As at 31st March, 2014, the Bank's Eurosystem funding amounted to €10.4 billion, whereas, in particular, funding through ELA was zero.

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 end of 2009, Greek banks have not had access to the capital markets. Furthermore, deposit outflows which began in the end of 2009 and continued until 2012 still exert pressure on the liquidity of Greek banks despite recent inflows and stabilisation.

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

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

Further, Piraeus Bank is currently able to use covered bonds issued by it as collateral for funding from the Bank of Greece. These covered bonds may no longer be accepted as collateral in the future, if, for example, further credit downgrades take place or the relevant rules of Bank of Greece allowing their use as collateral are amended. New 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 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.

### **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 a majority of its funding, if its depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, or if 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.

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

A potential continuation or deterioration of the economic climate could create the risk of not being able to restore part of the deposit base and, consequently, refrain from further reducing Eurosystem financing reliance.

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

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

Unsecured depositors sharing the burden of the recapitalisation and/or liquidation of troubled banks, and/or the taxation of deposits may result in a loss of customer confidence in the countries in which the 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.

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

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

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

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

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

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

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

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

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

Following the initial contribution in May 2012 to Piraeus Bank by the HFSF of €4.7 billion in EFSF notes as an advance for participation in the Group's recapitalisation pursuant to Greek Law 3864/2010, the HFSF initially appointed two representatives and currently has one representative appointed to the Board of Directors. Pursuant to the terms of the Pre-Subscription Agreement, the HFSF's appointed representative has the power, among other things: (i) to request the convocation of the General Meeting; (ii) to veto any decision of the board of directors of Piraeus Bank (the "Board of Directors" or "BOD") (A) regarding the distribution of dividends and the remuneration policy concerning the Chairman, the Managing Director and the other members of the Board of Directors, as well as the general managers and their deputies, following the relevant approval of the Minister of Finance; or (B) where the decision in question could seriously compromise the interests of depositors, or impair Piraeus Bank's liquidity or solvency or its overall sound and smooth operation of Piraeus Bank; (iii) to request an adjournment of any meeting of the Board of Directors for three business days in order to get instructions from the Executive Committee, following consultation with the Bank of Greece; (iv) to request the convocation of the Board of Directors; and (v) to approve the appointment of the Chief Financial Officer of Piraeus Bank. Pursuant to the Pre-Subscription Agreement, the appointed representative of the HFSF has also the following rights: (i) to participate in the meetings of the Audit Committee, the Risk Management Committee, the Human Resources and Remuneration Committee, and the Corporate Governance and Nomination Committee, as well as a committee established for supervising the implementation of the restructuring plan, (ii) to include items on the agenda of the meetings of the Board of Directors and of the committees in which the HFSF's representatives participate; and (iii) to be informed monthly by the Executive Committee about all transactions that have a material impact and have not been discussed by the Board of Directors and the committees

in which the HFSF's representatives participate and to receive the agenda and the minutes of the Executive Committee and the Strategy Committee regarding decisions on transactions having a material impact. Accordingly, as a result of Piraeus Bank's participation in the recapitalisation plan, the HFSF will be able to exercise significant influence over Piraeus Bank.

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

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

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

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

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

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

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

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

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

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

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

In the context of the global financial crisis, governments and inter-governmental organizations such as the EU and the Basel Committee on Banking Supervision (the "Basel Committee"), 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 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.

The European Parliament and the Council adopted Directive 2013/36/EU on access to the activity of credit institutions and prudential supervision of investment firms and Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (the "CRD IV" package) with the goal of implementing Basel III. The Regulation has been directly applicable to all EU Member States from 1 January 2014 while the Directive 2013/36/EU has been transposed into Greek law in May 2014 pursuant to Greek Law 4261/2014.

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

- the minimum common equity Tier I capital ratio will be 4.5 per cent. as from January 2014;
- the minimum Tier I capital ratio will be 6 per cent. as from 1st January, 2014;
- the Total Capital Ratio will be 8 per cent. as from 1st January, 2014; and
- the banks will be required to gradually increase their capital conservation buffer to 2.5 per cent. by 2019 beyond the existing minimum CET1 ratios (i.e., 0.625 per cent. as at 1st January, 2016, 1.25 per cent. as at 1st January, 2017 and 1.875 per cent. as at 1st January, 2018), raising the minimum Common Equity Tier 1 capital ratio to 7 per cent. and the Total Capital Ratio to 10.5 per cent. in 2019.

Although it is difficult to predict with certainty the impact of recent regulatory developments on the solvency ratios of the Group, the legislation and regulations in the EU, Greece and other parts of Europe in which the Group operates may lead to an increase of capital requirements and capital costs and have negative implications on activities, products and services offered, as well as 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 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 Common Equity Tier I ratio (CET I ratio) at 12.9 per cent.

### **Risks of Implementing the Second Economic Adjustment Programme**

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

- Recessionary pressures are far more intense and prolonged than initially projected, taking a heavy toll on the fiscal adjustment effort, on both the revenue and expenditure sides, whilst the deterioration in labour market conditions is unprecedented (with an unemployment rate of 27.8 per cent. in the first quarter of 2014 compared to 27.4 per cent. in the first quarter of 2013).
- In the event of policy implementation deficiencies or shortfalls, or in the event that the economy takes longer to respond to labour market and supply side reforms, recession is likely to be deeper than expected, leading to a higher debt trajectory and additional debt relief by the public sector, and/or a default on bonded debt.
- Market concerns regarding public debt sustainability may not dissipate despite substantial debt relief and debt reprofiling.
- The process of internal devaluation and the restoration of competitiveness — despite the rapid progress in wage cost containment — could be more prolonged than currently projected by the Second Economic Adjustment Programme, investor sentiment could remain poor despite the reform efforts, or bank deleveraging could proceed more rapidly than envisioned, undermining corporate investment and private sector sentiment.
- Implementation of the Second Economic Adjustment Programme will require strong political will and public support in the upcoming years, which will be greatly challenged by already substantial social costs, due to austerity measures and the prolonged recession. Against this backdrop, a potential demand from EU partners or the International Monetary Fund ("IMF") for additional corrective measures or amendments to the agreement underlying the Second Economic Adjustment Programme could destabilise the coalition government, possibly derailing the Second Economic Adjustment Programme.
- The Hellenic Republic may continue to experience difficulty accessing the private capital markets, even if, for example, the time period for which the Programme provides full funding

has been extended further by about two years, to 2016, in the context of a new agreement being reached with the ECB, the EU and the IMF (the “Troika”) in the fourth quarter of 2012. On a positive note, as was stated by the Eurogroup on November 26/27, 2012, euro area Member States are committed to providing “adequate support to Greece during the life of the Programme and beyond until the country has regained market access, provided that Greece fully complies with the requirements and objectives of the adjustment”:

- Economy wide liquidity conditions are likely to remain tight against a background of closed interbank and wholesale markets and a decline in domestic bank deposits caused by uncertainty and the recession. To date, ECB liquidity has been sufficient to counterbalance the contraction of alternative liquidity sources through sufficient Eurosystem lending, whilst an ELA facility has been activated by the Bank of Greece since the third quarter of 2011. The loss of deposits may be much larger than envisaged and terms under which liquidity support is provided from the Eurosystem may be tightened or terminated.
- Uncertainty surrounds short term economic prospects in the Eurozone and the medium term unconditional political commitment of Eurozone member partners, including concerns about Eurozone member partners’ ability and determination to support the Greek effort in the upcoming years and to ensure Greece’s programme financing and debt sustainability in the medium to long term. In this context, the commitment of the IMF to participate in Second Economic Adjustment Programme financing may also be questioned in the future.

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

### **Greek Property Market**

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

### **Risks relating to the Acquisitions**

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

Piraeus Bank expects to realise significant synergies in connection with the Acquisitions, which Piraeus Bank estimates, on a fully phased, pre-tax basis to be approximately €550 million per annum from 2016. The synergies are expected to be driven mainly by cost savings, both operational (branch and personnel optimisation and elimination of overlapping infrastructure) and funding (through reduced time deposit spreads as deposit gathering activity is fully integrated, particularly with respect to the Cypriot Acquisitions and MBG Acquisition (as defined herein)), as well as moderate revenue synergies.

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

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

Nevertheless, the realisation of any benefits and cost synergies over and beyond the synergies Piraeus Bank has already achieved, are likely to be affected by the factors described in other risk factors in this Offering Circular 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.

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

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

- Piraeus Bank's historical financial and other data for the year ended 31st December, 2012 reflects the ATEbank Acquisition and the Geniki Acquisition (each defined herein) from the time of their acquisition by Piraeus Bank and does not reflect the Cypriot Acquisitions and the MBG Acquisition; Piraeus Bank's historical financial information for the year ended 31st December, 2013 reflects the Cypriot Acquisitions and the MBG Acquisition only from the time of its acquisition by Piraeus Bank; and
- the financial and statistical information presented in this Offering Circular does not include certain important historical financial information relating to the Acquisitions.

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

### **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 regulators including the Bank of Greece, the European Banking Authority ("EBA"), the IMF, the ECB and others. The ECB is currently conducting an ongoing comprehensive assessment of the capital requirements of major European banks. This assessment aims to enhance the transparency of the balance sheets of major European banks prior to the ECB taking over its supervisory tasks in November 2014. Loss of confidence in the banking sector 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 Core Tier I capital 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.

### **The operational autonomy of the Bank is constrained since it is 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 for Greece, in January 2013 monitoring trustees (“Monitoring Trustees”) were appointed 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 EC, within the terms of reference agreed with EC, ECB and IMF staff and the Greek government. They submit quarterly reports on governance and operations, as well as ad hoc reports as needed. They liaise closely with the EC and ECB observers at the HFSF and share their reports with the HFSF. In line with the EU state aid rules, the Monitoring Trustees are responsible for overseeing the implementation of restructuring plans and compliance with the applicable state aid rules. Under such rules, operations are restricted so that the state aid does not lead to the distortion of competition. The Monitoring Trustees closely follow the banks’ operations and have access to the Bank’s books and records including board of directors’ meetings minutes and are observers at the executive committees and other critical committees, including risk management and internal audit functions. KPMG has been appointed as the Monitoring Trustee.

The Monitoring Trustees are responsible for verification of compliance of Piraeus Bank with Greek Company Codified Law 2190/1920 on *sociétés anonymes*, 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 the above role, the Monitoring Trustees, have 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 and may require additional investigations, receive all reports emanating from Piraeus Bank’s internal control bodies and be entitled to interview any auditor. Furthermore, the Monitoring Trustee monitors Piraeus Bank’s commercial practices, focusing on credit policy and deposit policy. Accordingly, the Monitoring Trustees have the right to attend the meetings of Piraeus Bank’s credit committees as observers, and 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 Monitoring Trustees also have the right to interview credit analysts and risk officers.

As a result, the Bank’s management’s discretion is subject to further oversight and certain decisions may be constrained by powers accorded to the Monitoring Trustee, which may affect business decisions and development strategies and limit 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 operations in Greece, the U.K. and Germany, Piraeus Bank has operations in Bulgaria, Romania, Albania, Serbia, Ukraine, Egypt and Cyprus. Its international operations outside the European Union are exposed to the risk of adverse political, governmental and/or economic developments, as well as to particular operating risks associated with emerging markets. These factors could have a material adverse effect on its financial condition and results of operations.

### **The 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. Particularly, the current political turmoil in Ukraine may lead to deterioration in macroeconomic factors that can significantly affect the performance of the banking sector.

### **Non-performing loans and past due loans have had a negative impact on the Bank's operations and may continue to do so**

Non-performing loans ("NPLs") increased significantly in 2013 (including the NPLs of all acquisitions in the period 2012-2013) and represented approximately 37 per cent. of Piraeus Bank's total customer loan portfolio as at 31st December, 2013 (37 per cent. relating to Greek operations). NPLs represented 38 per cent. of Piraeus Bank's loans as at 31st March, 2014. The effect of the economic crisis in Greece, the implementation of the Second Economic Adjustment Programme and the negative macroeconomic conditions in the countries in which Piraeus Bank operates may result in adverse changes in the credit quality of the Bank's borrowers, with increasing delinquencies and defaults. Moreover, as a result of the financial crisis, and for the protection of the weaker debtors, foreclosure actions have been suspended until 31st December, 2014 subject to both of the following criteria: (a) the debtor's family annual declared net income is lower than €35,000; (b) the total value of the debtors' assets and property does not exceed the amount of €270,000 of which the total amount of the debtors' deposits in Greece and abroad as of November 2013 does not exceed the amount of €15,000; and (c) the tax value of the property is up to €200,000. The events and uncertainties mentioned above and/or any regulatory change that may have a negative impact on the rights of creditors can lead to additional NPL generation, and increase of future provisions for NPLs and a significant loss of Bank's revenue which could materially and adversely affect the Bank's financial condition 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 governing creditors' rights in Greece may limit the Bank's ability to obtain payments on defaulted credits**

Certain bankruptcy laws and other laws and regulations governing creditors' rights in Greece are likely to offer less protection for creditors than the bankruptcy regimes in Western Europe and the United States. In Greece, according to Law 3869/2010, individuals who are unable to refinance their debt may request the settlement of their debt, or their discharge from part of it, by submitting a relevant application to the competent courts. In the context of the current legislation and due to the prolonged Greek economic crisis it is possible that judicial decisions will write down significant portions of the debt due to the financial inability of debtors or will defer the payment for a period of time. In addition, because of existing legislation relating to the valuation of collateral that is liquidated through enforcement procedures, the difficulties in liquidating collateral have increased and the auctions for real estate used as the main residence of the debtors, with objective value of up to €200,000 and under certain other conditions, have been suspended until 31st December, 2014.

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

### **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.

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

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

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

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

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

*The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of any Notes.*

On 6th May, 2014, the Council of the European Union adopted a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "Bank Recovery and Resolution Directive" or "BRRD"). The BRRD was published in the Official Journal of the EU on 12th June, 2014 and came into force on 2nd July, 2014. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

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

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

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its

debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

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

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

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

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, holders of Senior Notes and Dated Subordinated Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool and, in the case of Dated Subordinated Notes, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer and/or the Guarantor to satisfy their respective obligations under any Notes and/or the Guarantee, as applicable.

There remains uncertainty regarding the ultimate nature and scope of these powers and, when implemented, how they would affect the Issuers, the Group and the Notes. Accordingly, it is not yet possible to assess the full impact of the BRRD on the Issuers, the Group and on holders of Notes, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the relevant resolution authority currently contemplated in the BRRD would not adversely affect the rights of holders of Notes, the price or value of an investment in Notes and/or the Issuers' ability to satisfy its obligations under the Notes.

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

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

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

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

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

*The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payments on an investment in Reset Notes and could affect the market value of Reset Notes*

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "Subsequent Reset Rate"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates*

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

*Notes which 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 Notes) 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.

### ***Risks applicable to Dated Subordinated Notes***

*An investor in Dated Subordinated Notes assumes an enhanced risk of loss in the event of the relevant Issuer's and/or the Guarantor's insolvency*

The Issuers' and the Guarantor's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to obligations owed to Senior Creditors of the Issuer and Senior Creditors of the Guarantor. "Senior Creditors of the Issuer" means creditors of the relevant Issuer (a) who are unsubordinated creditors of the Issuer, or (b) who are subordinated creditors of the Issuer whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes (whether only in the winding up of such Issuer or otherwise) and "Senior Creditors of the Guarantor" means creditors of the Guarantor (a) who are unsubordinated creditors of the Guarantor, or (b) who are subordinated creditors of the Guarantor whose claims are expressed to rank in priority to the claims of the holders of Dated Subordinated Notes or other persons claiming under the Deed of Guarantee (whether only in the winding up of the Guarantor or otherwise). Although Dated Subordinated Notes may pay a higher rate of interest

than comparable Notes which are not subordinated, there is a real risk that an investor in Dated Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

*Dated Subordinated Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer*

The Bank Recovery and Resolution Directive contemplates that Dated Subordinated Notes may be subject to non-viability loss absorption, in addition to the application of the general bail-in tool. See "The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of any Notes".

### ***Risks related to Notes generally***

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

*The terms and conditions of the Notes contain provisions which may permit their modification without the consent of all investors*

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

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

### *Withholding under the EU Savings Directive*

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

On 24th March, 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1st January, 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

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

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

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

*The value of the Notes could be adversely affected by a change in English law or administrative practice*

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

#### *Taxation*

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

In particular, investors should note that the Greek income taxation framework was recently amended and reformed. A new Greek income tax code was very recently brought into force (by virtue of Law 4172/2013, effective as of 1st January, 2014, as amended by virtue of Law 4254/2014). Please see "Taxation – Taxation in the Hellenic Republic" 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.

*Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts 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 at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

### *Foreign Account Tax Compliance withholding may affect payments on the Notes*

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

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

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

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes 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 Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

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

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. 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 Notes will not have a direct right under the Global Notes to take enforcement action against the relevant Issuer in the event of a default under the relevant Notes.

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

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

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

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

*If an investor holds Notes 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 Notes could result in an investor not receiving payments on those Notes*

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

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

*Credit ratings assigned to Piraeus PLC and/or Piraeus Bank or any Notes may not reflect all the risks associated with an investment in those Notes*

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

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

endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

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

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

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

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the section entitled “Terms and Conditions of the Notes” from the previous offering circulars relating to the Programme dated 9th June, 2004, 9th August, 2005, 10th August, 2006, 21st June, 2007, 2nd July, 2008, 12th August, 2009, 16th August, 2010, 25th July, 2011, 27th June, 2012 and 23rd July, 2013, respectively;
- (b) the 2013 Annual Financial Report of Piraeus Bank, including:
  - (i) the auditors’ report in respect of the audited consolidated and non-consolidated annual financial statements as of and for the financial year ended 31st December, 2013 which appears on pages 48 to 49 of the Annual Financial Report;
  - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31st December, 2013 which appear on pages 1 to 99 of the Consolidated Financial Statements section. The balance sheet appears on page 4, the income statement appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 99 of the Consolidated Financial Statements section; and
  - (iii) the audited non-consolidated annual financial statements as at and for the financial year ended 31st December, 2013 which appear on pages 1 to 89 of the Financial Statements section. The balance sheet appears on page 4, the income statement appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 89 of the Financial Statements section;
- (c) the 2012 Annual Financial Report of Piraeus Bank, including:
  - (i) the auditors’ report in respect of the audited consolidated and non-consolidated annual financial statements as of and for the financial year ended 31st December, 2012 which appears on pages 29 to 30 of the Annual Financial Report;
  - (ii) the audited consolidated annual financial statements as at and for the financial year ended 31st December, 2012 which appear on pages 1 to 75 of the Consolidated Financial Statements section. The balance sheet appears on page 4, the income statement appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 75 of the Consolidated Financial Statements section; and
  - (iii) the audited non-consolidated annual financial statements as at and for the financial year ended 31st December, 2012 which appear on pages 1 to 65 of the Financial Statements section. The balance sheet appears on page 4, the income statement appears on page 3, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 65 of the Financial Statements section;
- (d) the financial statements for the three months ended 31st March, 2014 of Piraeus Bank Group, including the unaudited consolidated interim condensed financial statements as at and for the three months ended 31st March, 2014 which appear on pages 1 to 28. The balance sheet appears on page 4, the income statement appears on page 2, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 28 of that document;
- (e) the financial statements for the three months ended 31st March, 2014 of Piraeus Bank, including the unaudited interim condensed financial statements as at and for the three

months ended 31st March, 2014 which appear on pages 1 to 23. The balance sheet appears on page 4, the income statement appears on page 2, the cash flow statement appears on page 6 and the explanatory notes appear on pages 7 to 21 of that document;

- (f) the annual report for the year ended 2013 of Piraeus PLC, including the auditors' report and audited annual financial statements as at and for the financial year ended 31st December, 2013 which appear on pages 7 to 23. The auditors' report appears on pages 7 and 8, the balance sheet appears on page 10, the profit and loss account appears on page 9, the cash flow statement appears on page 11 and the explanatory notes appear on pages 12 to 23 of that document; and
- (g) the annual report for the year ended 2012 of Piraeus PLC, including the auditors' report and audited annual financial statements as at and for the financial year ended 31st December, 2012 which appear on pages 7 to 21. The auditors' report appears on pages 7 and 8, the balance sheet appears on page 10, the profit and loss account appears on page 9, the cash flow statement appears on page 11 and the explanatory notes appear on pages 12 to 21 of that document.

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

For items (b) to (g) 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 29th April, 2004. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

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

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

## GENERAL DESCRIPTION OF THE PROGRAMME

*This General Description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.*

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

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

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

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

## FORM OF THE NOTES

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

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

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

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

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes" below) the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

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

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

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

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

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of the Notes and payment in full of the amount due has not been made in accordance with the provisions of the global Note then the global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interest in such global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 23rd July, 2013 executed by the Issuers.

## APPLICABLE FINAL TERMS

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

[Date]

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

(acting through its [ ] Branch))

Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes]

Issued under the

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

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

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated 7th August, 2014 [and the supplement[s] to it dated [date][ and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Offering Circular”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Offering Circular [and the supplement[s] to the Offering Circular] [is][are] available for viewing at *www.bourse.lu* and at *www.piraeusbankgroup.com* and during normal business hours at [address], and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated [original date] [and the supplement to it dated [date]] which are incorporated by reference in the Offering Circular dated 7th August, 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 7th August, 2014 [and the supplement[s] to it dated [date][ and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Offering Circular”) including the conditions incorporated by reference in the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. Copies of such Offering Circular [and the supplement[s] to such Offering Circular] are available for viewing at [website] and during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.]

*[(Include whichever of the following apply or specify as “Not Applicable.” 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 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 Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes will be consolidated and form a single Series with *[Provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23(i) below, which is expected to occur on or about [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 [date] *(if applicable)*]
5. (i) Specified Denominations: [ ]
- (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. Maturity Date: [Fixed rate or resettable (unless adjusted) – *specify date*]
- Floating rate – Interest Payment Date falling in or nearest to *[specify month and year]*
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[Reset Notes]  
[[ ] month [LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
*(further particulars specified below)*
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
- (N.B. In the case of Notes other than Zero Coupon Notes, the redemption must be at least 100 per cent. of the nominal amount)*

10. Change of Interest Basis: [Not Applicable/Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 15 below and identify there]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]
12. (i) Status of the Notes: [Senior/Dated Subordinated]  
(ii) Status of the Deed of Guarantee: [Senior/Dated Subordinated]  
(iii) [Date [Board] approval for issuance of Notes and Guarantee obtained: [ ] [and [ ]], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

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

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date.
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify date] [adjusted in accordance with paragraphs 13(vii) and (viii) below]
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]  
*(Applicable to Notes in definitive form)*
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (vi) Determination Date(s): [ ] in each year/[Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual(ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in case of long or short first or last coupon)*
- (vii) Business Day Convention: [Not Applicable/ Following Business Day Convention/Preceding Business Day Convention/Modified Following Business Day Convention]
- (viii) Business Centre(s): [ ]/[Not Applicable]
14. Reset Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Initial Rate of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) First Margin: [+/-][ ] per cent. per annum
- (iii) Subsequent Margin: [[+/-][ ] per cent. per annum] [Not Applicable]
- (iv) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date/[specify date] [adjusted in accordance with paragraphs 14 (xvi) and (xvii) below]
- (v) Fixed Coupon Amount to (but excluding) the First Reset Date: [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (vi) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
*(Applicable to Notes in definitive form)*
- (vii) First Reset Date: [ ]
- (viii) Second Reset Date: [ ]/[Not Applicable]
- (ix) Subsequent Reset Date(s): [ ] [and [ ]] [Not Applicable]
- (x) Relevant Screen Page: [ ]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xii) Mid-Swap Maturity: [ ]
- (xiii) Fixed Leg Swap Duration: [ ]
- (xiv) Day Count Fraction: [30/360 or 360/360 or Actual/Actual (ICMA)]
- (xv) Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon).*
- (xvi) Business Day Convention: [Not Applicable/ Following Business Day Convention/Preceding Business Day Convention/Modified Following Business Day Convention]
- (xvii) Business Centre(s): [ ]/[Not Applicable]
- (xviii) Calculation Agent: [ ]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [ ]

- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [[Name] shall be the Calculation Agent]
- (vi) Screen Rate Determination:
- Reference Rate: [ ] month [[currency] LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]  
 [Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period]  
  
 [First day of each Interest Period]  
 [Second day on which the TARGET 2 System is open prior to the start of each Interest Period]
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters Screen EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) 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*)]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA) or Actual/Actual Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360 or 360/360 or Bond Basis  
 30E/360 or Eurobond Basis  
 30E/360 (ISDA)]  
*(See Condition 5 for alternatives)*

16. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
 [Actual/360]  
 [Actual/365]

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

17. Notice periods for Condition 6(b) and Condition 6(c): Minimum period: [ ] days  
 Maximum period: [ ] days
18. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice periods: Minimum period: [ ] days  
 Maximum period: [ ] days
19. Capital Disqualification Event Call: [Applicable/Not Applicable]
20. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [ ] days  
 Maximum period: [ ] days
21. Final Redemption Amount: [ ] per Calculation Amount
22. Early Redemption Amount payable on redemption for taxation reasons[, on a Capital Disqualification Event] or on event of default: [As per Condition 6/[ ] per Calculation Amount]

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

23. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable]

for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]

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

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

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

(ii) New Global Note:

[Yes]/[No]

24. Additional Financial Centre(s):

[Not Applicable/●]

*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(iii) relates)*

25. Talons for future Coupons to be attached to Definitive Notes:

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if on exchange into definitive form, more than 27 coupon payments are still to be made/No]

### **THIRD PARTY INFORMATION**

#### **RESPONSIBILITY**

*[Relevant third party information]* has been extracted from *[specify source]*. [Each of the][The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

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

By: .....

*Duly Authorised*

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

By: .....

*Duly Authorised]*

## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

[Not Applicable][Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be 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 [ ]].]
2. **RATINGS**

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[[insert details] by [insert legal names of the relevant credit rating agency entity(ies) and associated defined terms]].

[Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”).]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] 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 Offering Circular under Article 16 of the Prospectus Directive]*
4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer: [ ]

*(See “Use of Proceeds” wording in Offering Circular – if reasons for offer are different from general corporate and financing purposes of the Group will need to include those reasons here.)*

(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all*

*proposed uses state amount and sources of other funding.)*

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

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

Indication of yield: [ ]/[Not Applicable]

6. **INFORMATION ABOUT THE PAST PERFORMANCE OF THE UNDERLYING – HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]/Not Applicable]

7. **OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/●]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [ ]/[Not Applicable]

(vi) Deemed delivery of clearing system notices for the purposes of Condition 15: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [●] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

(vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking, *société anonyme* [(together, the "ICSDs")] as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the

future such that the Notes are capable of meeting them the Notes may then be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking, *société anonyme* [(together, the "ICSDs")] as common safe-keeper. Note that this does not necessarily mean that the Notes 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.]

## DISTRIBUTION

8. (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of [Subscription] Agreement: [Not Applicable/●]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/●]
- (v) If non-syndicated, name and address of relevant Dealer: [Not Applicable/●]
- (vi) Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
- (vii) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]
- (viii) Non-exempt Offer: [Applicable] [Not Applicable]*(if not applicable, delete the remaining placeholders of this paragraph (viii) and also paragraph 9 below.)*
- Non-exempt Offer Jurisdictions: [*Specify relevant Member State(s) where the Issuer intends to make Non-exempt Offers (where the Offering Circular lists the Non-exempt Offer Jurisdictions, select from that list), which must therefore be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)*]
- Offer Period: [*Specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"*]

- Financial intermediaries granted specific consent to use the Offering Circular in accordance with the Conditions in it: *[Insert names and addresses of financial intermediaries receiving consent (specific consent)]*
- (ix) General Consent: [Not Applicable][Applicable]
- (x) Other conditions to consent: [Not Applicable][Add here any other Authorised Offeror Terms].
- (Authorised Offeror Terms should only be included here where General consent is applicable.)*
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*

## 9. TERMS AND CONDITIONS OF THE OFFER

*(Delete whole section if sub-paragraph 8(viii) above is specified to be Not Applicable because there is no Non-exempt Offer)*

- Offer Price: [Issue Price/Not applicable/specify]
- Conditions to which the offer is subject: [Not applicable/●]
- Description of the application process: [Not applicable/●] *(include details of method of adjustments to the Offer Period)*
- Details of the minimum and/or maximum amount of application: [Not applicable/●]
- Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/●]
- Details of the method and time limits for paying up and delivering the Notes: [Not applicable/●]
- Manner in and date on which results of the offer are to be made public: [Not applicable/●]
- Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/●]
- Whether tranche(s) have been reserved for certain countries: [Not applicable/●]
- Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/●]

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

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [The Authorised Offerors identified in paragraph 8 above and identifiable from the Offering Circular/Name/*give details*].

## ANNEX

### SUMMARY OF THE NOTES

*[To be prepared for each issue of Notes with a denomination of less than EUR 100,000]*

## APPLICABLE FINAL TERMS

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

[Date]

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

(acting through its [ ] Branch)

Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes]

Issued under the

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

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

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated 7th August, 2014 [and the supplement[s] to it dated [date][ and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Offering Circular”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular [and the supplement[s]] [is][are] available for viewing at *www.bourse.lu* and at *www.piraeusbankgroup.com* and during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated [original date] [and the supplement to it dated [date]] which are incorporated by reference in the Offering Circular dated 7th August, 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 7th August, 2014 [and the supplement[s] to it dated [date][ and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Offering Circular”) including the conditions incorporated by reference in the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. Copies of the Offering Circular and the supplement[s] to such Offering Circular [is] [are] available for viewing at [website] [and] during normal business hours at [address] and copies may be obtained from the registered office of the Issuer and the specified offices of each of the Paying Agents.]

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

*[(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.))*

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

1. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
(iii) Date on which the Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes will be consolidated and form a single Series with *[provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23(i) below, which is expected to occur on or about *[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. Notes 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 Notes 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. Maturity Date: *[Fixed rate or resettable (unless adjusted) – specify date/*

*Floating rate – Interest Payment Date falling in or nearest to [specify month]]*

8. Interest Basis: [ ] per cent. Fixed Rate]  
[Reset Notes] [ ] month [LIBOR/EURIBOR] +/-  
[ ] per cent.  
Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
9. Redemption/[Payment] Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount.  
  
*(N.B. In the case of Notes other than Zero Coupon Notes, the redemption must be at least 100 per cent. of the nominal amount)*
10. Change of Interest Basis: [Not Applicable/Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 15 below and identify there]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable]
12. (a) Status of the Notes: [Senior/[Dated Subordinated]]  
(b) Status of the Deed of Guarantee: [Senior/[Dated Subordinated]]  
(c) [Date [Board] approval for issuance of Notes and Guarantee obtained: [ ] [and [ ]], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

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

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date [adjusted in accordance with paragraphs 13(vii) and 13(viii) below]]
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]

- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[ ] in each year]/[Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (vii) Business Day Convention: [Not Applicable/Following Business Day Convention/Preceding Business Day Convention/Modified Following Business Day Convention]
- (viii) Business Centre(s): [ ]/[Not Applicable]
14. Reset Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Initial Rate of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) First Margin: [+/-][ ] per cent. per annum
- (iii) Subsequent Margin: [[+/-][ ] per cent. per annum] [Not Applicable]
- (iv) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date/[specify date] [adjusted in accordance with paragraphs 14 (xvi) and (xvii) below]]
- (v) Fixed Coupon Amount to (but excluding) the First Reset Date: [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (vi) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
*(Applicable to Notes in definitive form)*
- (vii) First Reset Date: [ ]
- (viii) Second Reset Date: [ ]/[Not Applicable]
- (ix) Subsequent Reset Date(s): [ ] [and [ ]] [Not Applicable]
- (x) Relevant Screen Page: [ ]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xii) Mid-Swap Maturity: [ ]
- (xiii) Fixed Leg Swap Duration: [ ]
- (xiv) Day Count Fraction: [30/360 or 360/360 or Actual/Actual (ICMA)]
- (xv) Determination Date(s): [[ ] in each year][Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue*

*date or maturity date in the case of a long or short first or last coupon.)*

- (xvi) Business Day Convention: [Not Applicable/ Following Business Day Convention/Preceding Business Day Convention/ Modified Following Business Day Convention]
- (xvii) Business Centre(s): [ ]/[Not Applicable]
- (xviii) Calculation Agent: [ ]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ] month [[currency] LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]  
[ ]  
[Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period]  
[First day of each Interest Period]  
[Second day on which the TARGET 2 System is open prior to the start of each Interest Period]
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:

- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
  - (viii) 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*)]
  - (ix) Margin(s): [+/-] [ ] per cent. per annum
  - (x) Minimum Rate of Interest: [ ] per cent. per annum
  - (xi) Maximum Rate of Interest: [ ] per cent. per annum
  - (xii) Day Count Fraction: [Actual/Actual (ISDA) or Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 or 360/360 or Bond Basis 30E/360 or Eurobond basis 30E/360 (ISDA)]  
*(See Condition 5 for alternatives)*
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]

**PROVISIONS RELATING TO REDEMPTION**

17. Notice periods for Condition 6(b) [and Condition 6(c)]: Minimum period: [ ] days  
Maximum period: [ ] days
18. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]

- (b) Maximum Redemption Amount: [ ]
- (iv) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
19. Capital Disqualification Event Call: [Applicable/Not Applicable]
20. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
21. Final Redemption Amount: [ ] per Calculation Amount
22. Early Redemption Amount payable on redemption for taxation reasons[, on a Capital Disqualification Event] or on event of default: [As per Condition 6/[ ] per Calculation Amount]

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

23. Form of Notes:
- (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

- (ii) New Global Note: [Yes][No]
24. Additional Financial Centre(s): [Not Applicable/●]  
*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(iii) relates)*
25. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**THIRD PARTY INFORMATION**

*[[Relevant third party information] has been extracted from [specify source]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]*

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

By: .....  
*Duly Authorised*

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

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

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

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

### 2. RATINGS

- Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
- [[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms]].*
- [Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation").]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. – Amend as appropriate if there are other interests]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

### 4. YIELD (Fixed Rate Notes only)

Indication of yield: [ ]/[Not Applicable]

### 5. INFORMATION ABOUT THE PAST PERFORMANCE OF THE UNDERLYING – HISTORIC INTEREST RATES (Floating Rate Notes only)

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

**6. OPERATIONAL INFORMATION**

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/●]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [ ]/[Not Applicable]
- [(vi) Deemed delivery of clearing system notices for the purposes of Condition 15: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [●] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking, *société anonyme* [(together, the “ICSDs”)] as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]  
  
[No. Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking, *société anonyme* [(together, the “ICSDs”)] as common safe-keeper. Note that this does not necessarily mean that the Notes 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, names of Managers: [Not Applicable/●]
- (iii) Date of [Subscription] Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/●]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/●]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series of notes issued by the Issuer specified as such in the applicable Final Terms (as defined below), being either Piraeus Group Finance PLC ("Piraeus PLC") or Piraeus Bank S.A. ("Piraeus Bank"), acting through its Issuing Branch (as specified in the applicable Final Terms) (together the "Issuers") the notes of such Series being hereinafter called the "Notes"; which expression shall mean (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note issued in accordance with an amended and restated Fiscal Agency Agreement (the "Agency Agreement", which expression shall include any amendments or supplements thereto) dated 7th August, 2014 and made between Piraeus PLC, Piraeus Bank and Deutsche Bank AG, London Branch in its capacity as Issuing and Principal Paying Agent (the "Agent", which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such) and the other Paying Agents named therein (the "Paying Agents", which expression shall include the Agent and any substitute or additional Paying Agents appointed in accordance with the Agency Agreement).

The Notes and the Coupons (each as defined below) have the benefit of a deed of covenant (the "Deed of Covenant", which expression shall include any amendments or supplements thereto) dated 23rd July, 2013 executed by the Issuers in relation to the Notes. The original Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Notes issued by Piraeus PLC are the subject of a deed of guarantee dated 23rd July, 2013 (as amended or supplemented from time to time, the "Deed of Guarantee") entered into by Piraeus Bank (in such capacity, the "Guarantor").

Interest bearing definitive Notes will (unless otherwise indicated in the applicable Final Terms) have interest coupons ("Coupons") and, in the case of Notes 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 Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached hereto or endorsed hereon which complete these Terms and Conditions for the purposes of this Note. References herein to "applicable Final Terms" are to Part A of the Final Terms attached hereto or endorsed hereon.

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

Any reference to “Noteholders” or “holders” in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a global Note, be 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.

Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and subject to their detailed provisions. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the applicable Final Terms which are applicable to them. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified office of each of the Agent and the other Paying Agents. If the Notes 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](http://www.bourse.lu)).

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

In the Conditions, “euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

The Notes are in bearer form in the currency (the “Specified Currency”) and the denomination(s) (the “Specified Denomination(s)”) specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may (i) bear interest calculated by reference to one or more fixed rates of interest (such Note, a “Fixed Rate Note”), (ii) bear interest calculated by reference to, in the case of an initial period, an initial fixed rate of interest and, thereafter, the applicable fixed rate of interest that has been determined pursuant to the reset provisions contained in these Terms and Conditions by reference to a mid-market swap rate for the Specified Currency (such Note, a “Reset Note”), (iii) bear interest calculated by reference to one or more floating rates of interest (such Note, a “Floating Rate Note”), (iv) be issued on a non-interest bearing basis and be offered and sold at a discount to its nominal amount (such Note, a “Zero Coupon Note”) or (v) be a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

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

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

Subject as set out below, title to the Notes and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer and any Paying Agent shall (subject as provided below) be entitled to deem and treat (and no such person will be liable for so deeming and treating) the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the

case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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

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

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

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

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

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

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

can pay principal and interest in respect of the Notes and still be able to pay its outstanding debts to Senior Creditors of the Issuer, which are due and payable.

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

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

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

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

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

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

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

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

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

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

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

## **5. INTEREST**

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

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

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

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

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

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

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

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

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

In these Terms and Conditions:

"Determination Period" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where 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); and

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

(b) *Interest on Reset Notes*

(i) *Rates of Interest and Interest Payment Dates*

Each Reset Note bears interest:

- (A) from (and including) the Interest Commencement Date specified in the applicable Final Terms to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (B) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

- (C) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a "Subsequent Reset Period") at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) payable, in each case, in arrear on the Interest Payment Date(s) in each year and on the Maturity Date so specified if that does not fall on an Interest Payment Date.

The Rate of Interest and the amount of interest (the "Interest Amount") payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 5(a) and, for such purposes, references in the fourth paragraph of Condition 5(a) to "Fixed Rate Notes" shall be deemed to be to "Reset Notes" and Condition 5(a) shall be construed accordingly.

In these Conditions:

"First Margin" means the margin specified as such in the applicable Final Terms;

"First Reset Date" means the date specified in the applicable Final Terms;

"First Reset Period" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"First Reset Rate of Interest" means, in respect of the First Reset Period and subject to Condition 5(b)(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of (A) the relevant Mid-Swap Rate and (B) the First Margin;

"Initial Rate of Interest" has the meaning specified in the applicable Final Terms;

"Mid-Market Swap Rate" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"Mid-Market Swap Rate Quotation" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"Mid-Swap Floating Leg Benchmark Rate" means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

"Mid-Swap Rate" means, in relation to a Reset Determination Date and subject to Condition 5(b)(ii), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page or such replacement page on that service which displays the information; or
- (ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appear on the Relevant Screen Page or such replacement page on that service which displays the information,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"Rate of Interest" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"Reset Business Day" means 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 any Business Centre specified in the applicable Final Terms;

"Reset Date" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"Reset Determination Date" means, in respect of the First Reset Period, the second Reset Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Reset Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

"Reset Period" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"Second Reset Date" means the date specified in the applicable Final Terms;

"Subsequent Margin" means the margin specified as such in the applicable Final Terms;

"Subsequent Reset Date" means the date or dates specified in the applicable Final Terms; and

"Subsequent Reset Rate of Interest" means, in respect of any Subsequent Reset Period and subject to Condition 5(b)(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable

Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of (A) the relevant Mid-Swap Rate and (B) the relevant Subsequent Margin.

(ii) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum (converted as set out in the definition of such term above) of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be the sum (converted as set out in the definition of such term above) of (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotation and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined by the Calculation Agent in its sole discretion following consultation with the Issuer.

For the purposes of this Condition 5(b)(ii) "Reference Banks" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(iii) *Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount*

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified, inter alios, to the Issuer and, if applicable, the Guarantor, the Agent and to any stock exchange on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment). Any such amendment will be promptly notified to each stock exchange on which the

relevant Reset Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(iv) *Certificates to be final*

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

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

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

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

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

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

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

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system (the “TARGET2 System”) is open.

(ii) *Rate of Interest*

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

(iii) *ISDA Determination for Floating Rate Notes*

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

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

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

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

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

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

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

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

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the 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 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 inter-bank 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 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 Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the 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 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 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 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 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 paragraph, 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).

For the purposes of this Condition 5(c)(iv):

“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 Euro-zone office of four major banks in the Euro-zone interbank market, in each case selected by the Agent.

“Reference Rate” means, as specified in the Final Terms, (i) the London interbank offered rate (“LIBOR”) or (ii) the Euro-zone 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.

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

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

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

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

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(vii) *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 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 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.

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

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified, *inter alios*, to the Issuer and, if applicable, the Guarantor and to any stock exchange on which the relevant Floating Rate Notes are for the time being listed, and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment). Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(ix) *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(c) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (if applicable), the Noteholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) *Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless

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

## 6. REDEMPTION AND PURCHASE

### (a) *Redemption at Maturity*

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

### (b) *Redemption for Tax Reasons*

If as a result of any amendment to or change in the laws or regulations of the jurisdiction of incorporation of the Issuer or, if applicable, the Guarantor or, in the case of Piraeus Bank issuing Notes through a branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction or in each case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which amendment or change becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes:

- (i) the Issuer would be required to pay additional amounts as provided in Condition 10, or the Guarantor (if applicable) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay additional amounts as provided in Condition 10; or
- (ii) (in the case of Dated Subordinated Notes only) interest payments under or with respect to the Dated Subordinated Notes are no longer (partly or fully) deductible for tax purposes in the jurisdiction of the incorporation of the Issuer or, in the case of Piraeus Bank issuing Notes through a branch situated in a jurisdiction other than the Hellenic Republic, such other jurisdiction,

the Issuer may, (subject, in the case of Dated Subordinated Notes, to Condition 6(j)), at its option and having given not less than the minimum period and not more than maximum period of notice specified in the applicable Final Terms (ending, in the case of Notes which bear interest at a floating rate, on any Interest Payment Date) to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Redemption Amount as may be specified in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption **provided that** in case of redemption pursuant to (i) above, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (if applicable) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

(c) *Redemption following the occurrence of a Capital Disqualification Event*

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

Where a Capital Disqualification Event Call is specified as being applicable in the Final Terms, if immediately prior to the giving of the notice referred to below, a Capital Disqualification Event has occurred and is continuing, the Issuer may (subject to Condition 6(j)), at its option and having given no less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms (ending, in the case of Notes which bear interest at a floating rate, on any Interest Payment Date) to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Redemption Amount as may be specified in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

In these Conditions:

A "Capital Disqualification Event" will occur if at any time Piraeus Bank determines that as a result of a change (or prospective future change which the Relevant Regulator considers to be sufficiently certain) to the regulatory classification of the relevant series of Dated Subordinated Notes, in any such case becoming effective on or after the Issue Date, all of the aggregate principal amount of such Dated Subordinated Notes fully ceases (or would fully cease) to be included in, or count towards the Tier 2 Capital of the Group or (if the Issuer is Piraeus Bank only) the Bank.

"Group" means Piraeus Bank and its subsidiaries and subsidiary undertakings from time to time.

"Relevant Regulator" means the Bank of Greece or such other governmental authority having primary supervisory authority with respect to Piraeus Bank and/or the Group.

"Tier 2 Capital" has the meaning given to it by the Relevant Regulator from time to time.

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, (subject, in the case of Dated Subordinated Notes, to Condition 6(j)), having (unless otherwise specified in the applicable Final Terms) given not less than the minimum period and not more than maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

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

Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

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

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

If Investor Put is specified as being applicable in the applicable Final Terms, upon any Noteholder giving to the Issuer in accordance with Condition 15 not less than the minimum period and not more than maximum period of notice specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Final Terms such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date.

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

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

(f) *Early Redemption Amounts*

For the purposes of paragraph (b) above and Condition 11:

- (i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (ii) each Zero Coupon Note 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365)

(g) *Purchases*

The Issuer, the Guarantor (if applicable) or any Subsidiary (as defined in the Agency Agreement) of the Issuer or the Guarantor (if applicable) may (subject, in the case of Dated Subordinated Notes, to Condition 6(j)), at any time purchase Notes (together, in the case of definitive Notes, with all Coupons and Talons appertaining thereto) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, as the case may be, surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

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

(i) *Late Payment on Zero Coupon Notes*

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

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

(j) *Conditions to Redemption and Purchase of Dated Subordinated Notes*

Any redemption or purchase of Dated Subordinated Notes in accordance with Conditions 6(b), (c), (d) or (g) is subject to:

- (1) Piraeus Bank giving notice to the Relevant Regulator and the Relevant Regulator granting permission to redeem or purchase the relevant Dated Subordinated Notes (in each case to the extent, and in the manner, required by the relevant Regulatory Capital Requirements); and
- (2) compliance by Piraeus Bank with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Regulatory Capital Requirements at the relevant time.

In these Conditions, "Regulatory Capital Requirements" means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the Relevant Regulator and/or (ii) any other national or European authority, in each case then in effect in the Hellenic Republic (or in such other

jurisdiction in which Piraeus Bank may be organised or domiciled) and applicable to the Group.

*Article 78 of Commission Regulation (EU) No 575/2013 (as amended from time to time) provides that the Relevant Regulator shall, subject as provided in Article 78 and below, grant permission to redeem or repurchase Dated Subordinated Notes where either:*

- (i) on or before the relevant redemption date, the Bank replaces the Dated Subordinated Notes with own funds instruments of equal or higher quality on terms that are sustainable for the income capacity of Piraeus Bank; or*
- (ii) Piraeus Bank has demonstrated to the satisfaction of the Relevant Regulator that its tier 1 capital and tier 2 capital would, following such redemption or repurchase, exceed the capital ratios required under Directive (EU) 2013/36 of the European Parliament and the Council (as amended from time to time) ("CRD IV") by a margin that the Relevant Regulator may consider necessary on the basis set out in CRD IV.*

*Further, Article 78 provides that the Relevant Regulator may only permit the redemption of the Dated Subordinated Notes before the fifth anniversary of their Issue Date if either of the conditions referred to in paragraphs (i) or (ii) above and either of the conditions referred to in paragraphs (a) or (b) below are met:*

- (a) in the case of redemption pursuant to Condition 6(b), Piraeus Bank demonstrates to the satisfaction of the Relevant Regulator that the relevant change or event is material and was not reasonably foreseeable at the Issue Date; or*
- (b) in the case of redemption pursuant to Condition 6(c), (i) the Relevant Regulator considers such change to be sufficiently certain and (ii) Piraeus Bank demonstrates to the satisfaction of the Relevant Regulator that the relevant change was not reasonably foreseeable at the Issue Date.*

## **7. PAYMENTS**

### **(a) Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively); and*
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.*

### **(b) Payments subject to fiscal and other laws**

Payments in respect of the Notes 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 10, 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 10) any law implementing an intergovernmental approach thereto.

(c) *Presentation of Notes and Coupons*

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

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

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

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

(d) *Payments in respect of global Notes*

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

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

against the Issuer in respect of any payments due in respect of the Notes represented by such global Note.

(e) *Amounts payable in U.S. dollars*

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

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

(f) *Payment Day*

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

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

(g) *Interpretation of Principal and Interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 10;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;

- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(f)); and
- (vi) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

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

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

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

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

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (ii) there will at all times be an Agent;
- (iii) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (iv) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 7(e). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 15.

## **9. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Notes to which it appertains) a further Talon, subject to the provisions of Condition 14. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## **10. TAXATION**

All amounts of principal, premium and interest in respect of the Notes and Coupons payable by or on behalf of the Issuer or the Guarantor (if applicable) shall be made free and clear of,

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

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

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

## 11. EVENTS OF DEFAULT

### (1) *Senior Notes*

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

- (a) Unless otherwise specified in the relevant Final Terms, the following events or circumstances (each an "Event of Default") shall be acceleration events in relation to the Notes, namely:
- (i) the Issuer fails to pay in the Specified Currency any amount of principal or interest in respect of the Notes on the due date for payment thereof and such failure continues for a period of 14 days; or
  - (ii) the Issuer or, if applicable, the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, Receipts or Coupons and such default remains unremedied for 30 days after written notice thereof has been delivered by a Noteholder to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied; or
  - (iii) the repayment of any indebtedness owing by the Issuer or, if applicable, the Guarantor or any Material Subsidiary is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or, if applicable, the Guarantor or any Material Subsidiary defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness provided that no such event shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred and be continuing shall exceed €25,000,000 (or its equivalent in any other currency or currencies); or
  - (iv) any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Issuer or, if applicable, the Guarantor or any Material Subsidiary (other than for the purpose of amalgamation, merger or reconstruction (1) on terms approved by an Extraordinary Resolution of the Noteholders or (2) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in Piraeus Bank or another of its Subsidiaries); or
  - (v) the Issuer or, if applicable, the Guarantor or any Material Subsidiary shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction (1) on terms approved by an Extraordinary Resolution of the Noteholders or (2) in the case of a Material Subsidiary whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in Piraeus Bank or another of its Subsidiaries); or
  - (vi) the Issuer or, if applicable, the Guarantor or any Material Subsidiary shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or

- (vii) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or, if applicable, the Guarantor or any Material Subsidiary or in relation to the whole or over half of the assets of the Issuer or, if applicable, the Guarantor or any Material Subsidiary or an interim supervisor of Piraeus Bank is appointed by the Bank of Greece or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer or, if applicable, the Guarantor or any Material Subsidiary, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of the Issuer or, if applicable, the Guarantor and in any of the foregoing cases it or he shall not be discharged within 60 days; or
- (viii) the Issuer or, if applicable, the Guarantor or any Material Subsidiary sells, transfers, lends or otherwise disposes of the whole or a major part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Issuer or Piraeus Bank and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis; or
- (ix) with respect to any Notes issued by Piraeus PLC, the Deed of Guarantee is not in full force and effect.

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

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

(2) *Dated Subordinated Notes*

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

- (a) If default is made in the payment of any amount due in respect of the Notes or any of them on the due date and such default continues for a period of 7 days, any Noteholder may institute proceedings for the winding up of the Issuer.
- (b) If, otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer, any Noteholder may, by written notice to the Agent, declare such Note to be due and payable whereupon the same shall become immediately due and payable at its Early

Redemption Amount as may be specified in or determined in accordance with the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption unless such Subordinated Default Event shall have been remedied prior to receipt of such notice by the Agent.

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

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

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

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

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

Any modification of the Dated Subordinated Notes in accordance with this Condition 12 is subject to Piraeus Bank obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given under the relevant Regulatory Capital Requirements.

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

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

## **14. PRESCRIPTION**

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 10) therefor.

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

## **15. NOTICES**

All notices to Noteholders regarding the Notes shall be valid if published in the *Financial Times* or another leading English language daily newspaper with circulation in London. The Issuer will ensure that notices to Noteholders are published (a) if and for so long as the

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

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

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

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

## **16. SUBSTITUTION OF THE ISSUER**

- (a) The Issuer may, without the consent of any Noteholder or Couponholder, substitute for itself any other body corporate incorporated in any country in the world as the debtor in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement (the "Substituted Debtor") upon notice by the Issuer and the Substituted Debtor to be given in accordance with Condition 15, provided that:
- (i) the Issuer is not in default in respect of any amount payable under the Notes;
  - (ii) the Issuer and the Substituted Debtor have entered into such documents (the "Documents") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition 16);
  - (iii) the Substituted Debtor shall enter into a deed of covenant in favour of the holders of the Notes then represented by a global Note on terms no less favourable than the Deed of Covenant then in force in respect of the Notes;
  - (iv) if the Substituted Debtor is not Piraeus Bank, the Deed of Guarantee extends to the obligations of the Substituted Debtor under or in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement and continues to be in full force and effect;
  - (v) if the Substituted Debtor is resident for tax purposes in a territory (the "New Residence") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "Former Residence"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that

- each Noteholder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10, with the substitution of references to the Former Residence with references to the New Residence;
- (vi) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents;
  - (vii) legal opinions shall have been delivered to the Agent from lawyers of recognised standing in the jurisdiction of incorporation of the Substituted Debtor, in England and in Greece as to the fulfilment of the requirements of this Condition 16 and that the Notes and any Receipts, Coupons and/or Talons are legal, valid and binding obligations of the Substituted Debtor;
  - (viii) if Notes issued or to be issued under the Programme have been assigned a credit rating by Standard & Poor's and/or Moody's and/or Fitch, Standard & Poor's and/or Moody's and/or Fitch as the case may be, having been notified of the proposed substitution, shall not have stated within 30 days thereafter that, as a result of such substitution, the credit rating of the Notes would be downgraded;
  - (ix) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on such stock exchange; and
  - (x) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes and any Coupons.
- (b) Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes, any Coupons, the Deed of Covenant and the Agency Agreement with the same effect as if the Substituted Debtor had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes, any Coupons and/or Talons, the Deed of Covenant and under the Agency Agreement.
  - (c) After a substitution pursuant to Condition 16(a) the Substituted Debtor may, without the consent of any Noteholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 16(a) and 16(b) shall apply *mutatis mutandis*, and references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.
  - (d) After a substitution pursuant to Condition 16(a) or 16(c) any Substituted Debtor may, without the consent of any Noteholder or Couponholder, reverse the substitution, *mutatis mutandis*.
  - (e) The Documents shall be delivered to, and kept by, the Agent. Copies of the Documents will be available free of charge during normal business hours at the specified office of each of the Paying Agents.
  - (f) In the case of Dated Subordinated Notes only, any substitution of the Issuer in accordance with this Condition 16 is subject to Piraeus Bank obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given under the relevant Regulatory Capital Requirements.

## **17. FURTHER ISSUES**

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

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

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

## **19. THIRD PARTY RIGHTS**

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

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

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

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used by the relevant Issuer for the general corporate and financing purposes of the Group (as defined below).

## PIRAEUS GROUP FINANCE PLC

### Introduction

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

### Directors

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

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

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

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

Piraeus PLC has no employees or non-executive Directors.

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

### Activities

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

### General

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

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

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

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

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

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

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

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

### **Capitalisation and Indebtedness**

The following table sets out the capitalisation and indebtedness of Piraeus PLC as at 31st December, 2013 and 31st December, 2012. There has been no material change in the capitalisation of Piraeus PLC since 31st December, 2013.

	<b>As at 31st December, 2013</b>	<b>As at 31st December, 2012</b>
	<b>(Amounts in EUR thousands)</b>	
Authorised Share Capital of 50,000 Ordinary Shares of £1 each .....	71	71
Issued Share Capital of 50,000 Ordinary Shares of 25 pence each paid up .....	18	18
Profit and loss account .....	1,086	527
<b>Total Shareholders' Equity</b> .....	<b>1,104</b>	<b>545</b>
Shareholders' Equity .....	1,104	545
Creditors falling due within one year .....	6,251	31,678
<b>Total Shareholders' Equity and Liabilities</b> .....	<b>630,316</b>	<b>628,055</b>

The debt of Piraeus PLC as of 31st December, 2013 was 603.0 million (2012: €628.0 million).

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

### **Accounts and Dividends**

Since the date of its incorporation, seven dividend payments have been made. These amounted to €3.5 million in 2006, €6 million in 2007, €5.5 million in 2008, €3.0 million in 2009, €4.0 million in 2010, which was paid in April 2011, €2.0 million in 2011, which was paid in January 2012, and €1.0 million in 2012, which was paid in January 2013. Copies of the latest annual accounts for the

years ended 31st December, 2013 and 2012 and interim accounts of Piraeus PLC will be available free of charge at the specified offices of Deutsche Bank Luxembourg S.A. in Luxembourg.

The financial information set out below has been extracted from the audited financial statements of Piraeus PLC at 31st December, 2013. Such information should be read in conjunction with, and is qualified in its entirety by reference to, Piraeus PLC's audited financial statements and the related notes thereto incorporated by reference into this Offering Circular.

### Profit and Loss Account

	<b>Year ended 31st December, 2013</b>	<b>Year ended 31st December, 2012</b>
	<b>(Amounts in EUR thousands)</b>	
Turnover .....	13,432	34,600
Interest payable .....	(12,592)	(33,109)
Foreign exchange (losses)/gains .....	(3)	(1)
	837	1,490
Administrative expenses .....	(181)	(139)
<b>Profit on ordinary activities before taxation</b> .....	656	1,351
Tax on Profit on Ordinary Shares .....	(97)	(517)
<b>Retained profit for the financial period</b> .....	<u>559</u>	<u>834</u>

### Balance Sheet

	<b>As at 31st December, 2013</b>	<b>As at 31st December, 2012</b>
	<b>(Amounts in EUR thousands)</b>	
<b>Total Assets</b>		
Amounts due from parent undertakings .....	603,307	628,046
Cash at bank and in hand .....	9	9
	603,316	628,055
<b>Creditors: Amounts falling due within one year</b> .....	(6,251)	(31,678)
	597,065	596,377
<b>Creditors: Amounts falling due after more than one year</b> .....	(595,961)	(595,832)
<b>Net Assets</b> .....	<u>1,104</u>	<u>545</u>
<b>Capital and Reserves</b>		
Called up capital .....	18	18
Profit and loss account .....	1,086	527
<b>Shareholders' Funds</b> .....	<u>1,104</u>	<u>545</u>

## Cash Flow Statement

	Year ended 31st December, 2013	Year ended 31st December, 2012
	(Amounts in EUR thousands)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Interest and commission receipts .....	13,432	34,600
Less: Decrease in accrued income .....	93	8,082
<b>Sum of cash inflows</b> .....	<u>13,525</u>	<u>42,682</u>
<b>Cash Outflows</b>		
Interest and commission expense .....	12,592	33,109
Other operating and exceptional expenses .....	181	139
Loss/(gain) from FX trading and revaluations and loss from securities trading .....	3	1
Decrease in loans and advances to customers and credit institutions .....	(24,653)	(633,756)
Increase in accrued expenses .....	47	8,056
Taxes and dividends cash flows .....	1,227	2,602
<b>Sum of cash inflows</b> .....	<u>(10,603)</u>	<u>(589,849)</u>
<b>Net cash from operating activities</b> .....	24,128	632,531
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Outflows</b>		
Decrease in liabilities from issuing bonds and other securities .....	(24,128)	(632,531)
<b>Net cash from financing activities</b> .....	<u>(24,128)</u>	<u>(632,531)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b> .....	–	–
<b>Cash and cash equivalents at the beginning of the year</b> ..	<u>9</u>	<u>9</u>
<b>Cash and cash equivalents at the end of the year</b> .....	<u><u>9</u></u>	<u><u>9</u></u>

## PIRAEUS BANK AND THE PIRAEUS BANK GROUP

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

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

Piraeus Bank was incorporated in Greece on 6th July, 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution under the Codified Law 2190/1920 and Law 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 Development Competitiveness, Infrastructure, Transportation and Networks Under No. 225501000 (ex number 6065/06/B/86/04 of Companies' Registry) (number 6065/06/B/86/04) and has its registered office at 4 Amerikis Str., 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 the Bank of Greece as well as the Hellenic Capital Market Commission. The Bank's commercial name is Piraeus Bank. The duration of the Bank as determined by its Articles of Association has been extended to terminate on 6th July, 2099.

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

Piraeus Bank is a universal bank and leads a group of companies covering all types of financial and banking activities in the Greek market. Piraeus Group possesses particular know-how in the areas of small and medium-sized enterprises ("SMEs"), retail banking, corporate banking, project finance, leasing, capital markets, investment banking and provides services in asset management bancassurance. After the acquisition of ATEbank, Piraeus Bank is the leading financial provider of loans to Greek farmers, facilitating operations that are subsidised by the EU and that offer great potential for deposit gathering and cross selling. Piraeus Bank offers services through a nationwide network and also through the electronic banking network winbank ("Winbank"). The latter offers a full set of services through four different distribution channels: the internet, mobile phones, a call centre and ATMs. The excellent level of service provided by Winbank has attracted a significant number of awards and distinctions.

Both Piraeus Bank and the Piraeus Group, as a whole, have developed significantly over the last 20 years, both through organic growth and acquisitions, and Piraeus Bank is now the largest bank in Greece in terms of assets, loans and deposits.

Since July 2012, Piraeus Bank acquired four 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) the July 2012 acquisition of selected assets (including only loans which were performing as at the acquisition date) and the related liabilities of ATEbank not the entire entity itself ("ATEbank Acquisition);
- (ii) the December 2012 acquisition of Geniki Bank S.A., Société Générale's Greek subsidiary ("Geniki Acquisition");
- (iii) the March 2013 acquisition of all deposits loans and branches of the Greek operations of three Cyprus-based banks, namely Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the loans and deposits of the subsidiaries of these banks in Greece (together, the "Cypriot Banks" and their acquisition "the Cypriot Acquisitions"); and

- (iv) the June 2013 acquisition of Millennium Bank Greece (“MBG”), the Greek subsidiary of Banco Comercial Portugues S.A., Portugal’s largest bank (“MBG Acquisition”) collectively defined as “Acquisitions” in reference to the transactions, and the “Acquired Business” in reference to the acquired entities or assets and liabilities of specified activities.

In terms of international presence, Piraeus Bank Group is active in seven countries of the broader region of South-eastern Europe (“SEE”) and the Eastern Mediterranean (i.e. Bulgaria, Romania, Serbia, Albania, Ukraine, Cyprus, Egypt), while it is also present in the financial centres of London and Frankfurt. At 31st March, 2014, Piraeus Bank Group (excluding MBG), had a network of 1,374 branches (964 in Greece and 410 abroad) and employed 22,402 people, while its total assets amounted to €89.5 billion.

As of 31st December, 2013 and 31st March, 2014, the share capital of Piraeus Bank amounted to €2,271,770,384.28, divided into 5,072,567,951 dematerialised registered ordinary shares with voting rights of a nominal value of €0.30 per share; 77,568,134 special preference shares without voting rights of a nominal value of €4.77 per share, issued in accordance with Law 3723/2008; and 1,266,666,666 special preference shares without voting rights of a nominal share value of €0.30 per share, issued in accordance with Law 3723/2008. It is noted that all the special preference shares held by the Hellenic Republic were fully redeemed by Piraeus Bank in May 2014. On 31st December, 2013, the total number of shareholders were 164 thousand and the total ordinary shares were 5,072,567,951 shares out of which 81 per cent. was held by the Hellenic Financial Stability fund (HFSF), 3 per cent. were held by individuals and the remaining 16 per cent. by legal entities. On 31st March, 2014, the total number of shareholders were 167 thousand and the total ordinary shares were 5,072,567,951 out of which 81 per cent. was held by HFSF 2 per cent. were held by individuals and 17 per cent. by legal entities. Following the share capital increase concluded in mid April 2014, the number of Piraeus Bank’s ordinary shares increased to 6,101,979,715, whereas HFSF’s stake decreased to 67 per cent. down from 81 per cent. as total capital injection came from the private sector.

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

## **2. Strategy**

The Group aims to participate in the reconstruction of the Greek economy by financing creditworthy investment plans, providing liquidity to businesses and households and protecting the savings that the customers have entrusted to the Group.

Through the capital enhancement provided by the Recapitalisation Plan, the expansion through the Acquisitions, as well as the recent share capital increase, the Group is established as a well-capitalised credit institution and the leader in the Greek banking market.

The key strategic priorities for the Group are:

- to maintain the leading position in the Greek market;
- to be the bank of choice for SMEs in Greece and one of the principal banks for medium sized businesses, professionals and consumers in all of the countries in which it operates;
- to be among the leaders in selected markets in which it has a product and geographical presence, further developing products and services that present us with business opportunities, with an emphasis on agriculture banking, green banking and online banking;

- to provide a service of high quality to customers, with an emphasis on integrated service and innovation;
- to manage international activities, so that they are self-financed, profitable and independently capitalised;
- to deliver the expected cost and income synergies from the Acquisitions by fully integrating the businesses and companies that are acquired to the advantage of shareholders, customers and employees;
- to maintain significant position in technological developments in financial services and electronic banking applications;
- to provide support to employees, taking into account the recent changes to the Group;
- to contribute to the economic recovery of Greece, through providing banking services to households and businesses and financing projects that contribute to sustainable economic growth; and
- to combine profitability with corporate and social responsibility.

In the short to medium term, Piraeus Bank has adapted its strategy to overcome the current economic conditions in Greece and the significant market volatility and has set priorities among which capital enhancement, efficient integration of acquired businesses, strengthening of its balance sheet, safeguarding asset quality and loan diversification, preserving adequate liquidity and managing operating costs.

Neither Piraeus Bank nor any other member of Piraeus Group has entered into any contract outside the ordinary course of its business which could result in any Piraeus Group member being under an obligation or entitlement that is material to Piraeus Bank's ability to meet its obligations to the holders of Notes under the Programme.

### **3. Piraeus Bank Group Organisational Structure**

The Greek financial services sector has historically been characterised by the presence of specialised companies established around a principal bank. In a similar manner, the Piraeus Bank Group is comprised of Piraeus Bank and its subsidiaries. Piraeus Bank is not dependent upon any other entities within the Group. The following diagram summarises the divisional structure of the principal direct and indirect subsidiaries of the Piraeus Bank as at 31st March, 2014:

<b>Piraeus Bank Group</b>				
<b>Commercial Banking</b>	<b>Investment Banking</b>	<b>Asset Management</b>	<b>Bancassurance</b>	<b>Non-Financial Companies</b>
Tirana Bank I.B.C. S.A. (98%) Piraeus Bank Romania S.A. (100%) Piraeus Bank Beograd A.D. (100%) Piraeus Bank Bulgaria A.D. (100%) JSC Piraeus Bank ICB (100%) Piraeus Bank Cyprus LTD (100%) Geniki Bank S.A. (100%) Piraeus Bank Egypt SAE (98%) Piraeus Leases S.A. (100%) Geniki Leasing S.A. (100%)* Piraeus Factoring S.A. (100%) Piraeus Leasing Romania S.R.L. (100%) Tirana Leasing S.A. (100%) Piraeus Egypt Leasing Co. (100%) Piraeus Leasing Bulgaria EAD (100%) Piraeus Leasing DOO Beograd (100%) Olympic Commercial & Tourist Enterprises S.A. (94%)	Piraeus Securities S.A. (100%)	Piraeus Asset Management Mutual Funds S.A. (100%) Piraeus Asset Management Europe S.A. (100%) Piraeus Group Capital LTD (100%) Piraeus Group Finance PLC (100%) Piraeus Wealth Management S.A. (65%)** ABG Mutual Fund Management Company S.A. (100%)***	Piraeus Insurance and Reinsurance Brokerage S.A. (100%) Piraeus Insurance Agency S.A. (100%) Piraeus Insurance – Reinsurance Broker Romania S.R.L. (100%) Piraeus Insurance Brokerage EOOD (100%) Piraeus (Cyprus) Insurance Brokerage Ltd (100%)	Piraeus Direct Services S.A. (100%) Piraeus Real Estate S.A. (100%) Picar S.A. (100%) ETVA Industrial Parks S.A. (65%)

#### 4. Ownership of Piraeus Bank

In 2013, following the successful recapitalisation of Piraeus Bank as announced on 28th June, 2013, the private sector subscription amounted to €1,444 billion and the HFSF held 81 per cent. of the total number of voting shares of Piraeus Bank at that time. The exercise of voting rights in relation to these shares is subject to the provisions stipulated in article 7a of Law 3864/2010.

Following the Bank's share capital increase, with payment in cash, which was completed in April 2014, the total number of shareholders was 167 thousand corresponding to a total of 6,101,979,715 ordinary shares, 67 per cent. of which was held by the HFSF, 3 per cent. of which

\* As of 31st December, 2013, Geniki Leasing S.A. was absorbed by its parent company, Piraeus Leases S.A., which is a 100 per cent. subsidiary of Piraeus Bank S.A.

\*\* As of 17th June, 2014, Piraeus Wealth Management S.A. was absorbed by its 100 per cent. parent company, Piraeus Bank S.A.

\*\*\* As of 21st June, 2013, ABG Mutual Fund Management Company S.A. merged with Piraeus Asset Management Mutual Funds S.A., which is a 100 per cent. subsidiary of Piraeus Bank S.A.

was held by individuals and the remaining 30 per cent. by legal entities, as shown in more detail herein below:

- 67 per cent. Hellenic Financial Stability Fund
- 28 per cent. Foreign institutional investors
- 2 per cent. Greek institutional investors
- 3 per cent. Individual shareholders

In addition, the Bank has issued in total 1,344,234,800 non-voting special preference shares (77,568,134 issued on 14th May, 2009 of a nominal value €4.77 each, and 1,266,666,666 issued on 30th December, 2011 of a nominal value €0.30 each) of the Law 3723/2008 which are held entirely by the Greek State. These shares were redeemed on 21st May, 2014 post the successful share capital increase of €1,750 million.

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

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

The General Meeting of the Shareholders is ultimately the governing body of Piraeus Bank entitled to elect the Board of Directors. The Board of Directors, is the managerial body of the Bank and consists of executive and non-executive members while three of the non-executive members are also independent, in accordance with the provisions of Law 3016/2002 regarding corporate governance. The Board of Directors represents the Bank and has unlimited authority to decide on any issue in relation to the Bank's management, the management of the Bank's assets and satisfaction of the Bank's objectives, in general. The Board of Directors is not entitled to decide on any issue which falls into the exclusive jurisdiction of the General Meeting according to the Articles of Association of the Bank or Greek law. Mr. Athanasios Tsoumas has been appointed by the Hellenic Republic as its Representative by virtue of article 1 of Law 3723/2008 (the "Hellenic Republic Representative"). Ms. Ekaterini Beritsi has been appointed by the HFSF as its representative by virtue of Law 3864/2010 (the "HFSF Representative").

The current composition of Piraeus Bank's Board of Directors, following the Board of Directors meeting of 30th May, 2014, is shown below:

Michalis Sallas, Chairman of the Board of Directors, Non-Executive Member  
Iakovos Georganas, father's name Georgios, first Vice Chairman, Non-Executive Member  
Panagiotis Roumeliotis, father's name Vassilios, Vice Chairman, Non-Executive Member  
Stavros Lekkas, father's name Michael, Managing Director & CEO, Executive Member  
Anthimos Thomopoulos, father's name Konstantinos, Managing Director & CEO, Executive Member  
Chariklia Apalagaki, father's name Andreas, Authorized Executive Director, Executive Member  
Georgios Alexandridis, father's name Paraschos, Independent Non-Executive Member  
Eftyhios Vassilakis, father's name Theodoros, Non-Executive Member  
Stylianos Golemis, father's name Dimitrios, Independent Non-Executive Member  
Vassilios Fourlis, father's name Stylianos, Non-Executive Member  
Argyro Athanasiou, father's name Athanasios, Independent Non-Executive Member  
Chariton Kyriazis, father's name Dimitrios, Independent Non-Executive Member  
Petros Pappas, father's name Alexandros, Independent Non-Executive Member

*Representative of the Greek Government pursuant to Law 3723/2008*

Athanasios Tsoumas, father's name Andreas

*Representatives of the Greek Financial Stability Fund pursuant to Law 3864/2010*

Ekaterini Beritsi, father's name Konstantinos

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

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

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

## **6. Activities of the Piraeus Bank Group**

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

### *6.1. Retail Banking and Branch Network*

Retail banking is conducted by the Bank through the branch network and alternative delivery channels, such as the online banking platform, Winbank. The Group offers retail customers a number of different types of deposit, credit and investment products, including savings accounts, current accounts and time deposits, investment products, consumer and mortgage lending, credit cards, bancassurance products and insurance brokerage.

#### *6.1.1. Deposit Products*

The Bank offers a wide range of deposit and investment products suitable for individual clients as well as for corporate clients, in euro and other major foreign currencies. Deposits of the Group amounted to €54.3 billion at the end of December 2013, including deposits of all acquisitions, while at the end of March 2014 they amounted to €54.6 billion. The deposits related to Group's international activities as of March 2014 amounted to €4.8 billion.

The Group's policy is to maintain customer deposits through effective management of funding costs, while seeking to expand the number of customers and the adjustment of the product portfolio to the customers' needs, in accordance with market trends.

<b>Deposits (on a consolidated basis) Amounts in EUR million</b>	<b>31st March, 2014</b>	<b>31st December, 2013</b>	<b>2012</b>
Savings deposits.....	12,283	12,870	10,715
Sight and other deposits .....	9,595	9,337	6,402
Term deposits .....	32,731	32,072	19,854
Total customer deposits and retail bonds .....	<u>54,609</u>	<u>54,279</u>	<u>36,971</u>

#### *6.1.2 Mortgage and Consumer Credit*

In light of the economic crisis, the Group has placed a greater emphasis on credit policy criteria with respect to new consumer and mortgage loans.

The total portfolio of consumer credit products in Greece, including mortgages, consumer and personal loans, consumer goods financing, credit cards and other consumer products, amounted

to €23.9 billion as at 31st March, 2014 compared to €24.1 billion as at 31st December, 2013 (representing 36 per cent. of the consolidated loan portfolio in Greece as at 31st March, 2014) and €16.0 billion as at 31st December, 2012 (including only ATEbank and Geniki Bank S.A.).

Mortgage loans in Greece amounted to €17.4 billion at the end of 2013 including all acquisitions, while at the end of 2012 domestic mortgage portfolio stood at €12.0 billion and in terms of acquisitions included only ATEbank and Geniki Bank S.A. The Group's consumer loan portfolio in Greece amounted to €6.8 billion as at 31st December, 2013 and to €4.0 billion as at 31st December, 2012. As of 31st March, 2014, the mortgage loans portfolio amounted to €17.2 billion and the consumer loan portfolio to €6.6 billion.

The adverse economic situation has had an impact on the number of credit cards in circulation, and also on the total turnover realised through such cards, leading to the further contraction of this particular market. The Group remains one of the main credit card issuers in Greece, having placed into circulation more than 542,000 credit cards.

<b>Consumer Credit (on a consolidated basis) Amounts in EUR million</b>	<b>As at 31st March, 2014</b>	<b>As at 31st December, 2013</b>	
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Consumer Loans... ..	6,645	6,756	4,049
Mortgage Loans ... ..	17,240	17,392	11,987
Totals .....	<u>23,885</u>	<u>24,148</u>	<u>16,036</u>

### 6.1.3. *Other Retail Banking Services*

#### 6.1.3.1. *Bancassurance and Insurance Brokerage*

Piraeus Insurance Agency S.A., together with Piraeus Insurance and Reinsurance Brokerage S.A., form the single arm of insurance mediation services, aimed at fully covering the insurance needs of the Group's customers. Piraeus Insurance Agency S.A. offers a broad range of general insurance and life insurance services and products, covering vehicle insurance, property insurance, third party civil liability, life and health insurance plans and policies, retirement and pension plans, personal accident cover, leisure craft insurance and legal protection plans. Piraeus Insurance Agency S.A. also engages in insurance and reinsurance brokerage activities for all types of insurance policies. As at 31st March, 2014, the total managed portfolio amounted to €125.2 million as compared to €216 million in 2013 and €200 million in 2012.

#### 6.1.3.2. *Winbank, e-banking*

Within 14 years of operation, Winbank (the first integrated platform for web banking in Greece) has become a strategic pillar for the future development of the Bank, as it has been repeatedly described by the Bank's management. Continuing the success of the previous years, in 2013 Winbank received several awards, both domestically and internationally.

In 2013, Winbank was made available to the customers of all Acquired Businesses. The number of registered Winbank users increased by 35 per cent. in 2013. Winbank users accounted for a significant percentage of the Bank's total customers in Greece as at the end of 2013, 17 per cent. as at the end of 2012 and 17 per cent. as at the end of 2011. In 2013, 74 per cent. of transfers, 70 per cent. of capital flows within the Bank and 63 per cent. of capital market operations were carried out through Winbank. At the same time, the services provided were further improved and developed, including the easypay, postal, Winbank direct click to chat service and customer protection service. The value of transactions effected through easy pay services in 2013 increased by 179 per cent. while online car insurance operations increased by 180 per cent. Customer protection contracts increased by 86 per cent.

Mobile banking transactions increased considerably in 2013 by 165 per cent. compared to 2012, with a 38 per cent. increase in the number of active users of the service in 2013. The “Instant Cash” service, which allows customers to send cash through a web/phone/mobile/ATM application and receive it at an ATM, without a card, is used by an increasing number of customers. The volume of “Instant Cash” transactions increased by 71 per cent. in 2013 compared to 2012, and the value of these transactions exceeded €17 million.

#### 6.1.3.3. *Green business and green banking products*

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

The Group actively supports all of the key sectors of green entrepreneurship in response to challenges and requirements relating to climate change. Since 2006, the Group offers specially designed “green banking” products to support various areas of the environmental and renewable energy business sectors. As at 31st December, 2013, approved credit limits stood at €1.6 billion and loan balances in relation to these business sectors stood at €1.1 billion. The respective figures for end 2012 were €1.3 billion and €0.9 billion.

#### 6.1.3.4. *Agricultural Banking*

The 2012 ATEbank Acquisition has given the Group direct access to banking networks in rural and agricultural areas, which is a growing segment of the Greek banking market. Given the recession or stagnation in other economic activities, the financing of agricultural activities may become a significant growth area for the Group’s operations.

As part of the Group’s contribution to support and develop agriculture, the Group approved financing to OPEKEPE, a community organisation. The purpose of this financing is the timely payment of community aid granted by the European Union to Greek farmers. In this context, in December 2013 the Bank provided a loan of €1.9 billion to 660,000 Greek farmers which was paid back in February 2014. In addition, in 2013 the Bank participated in the Agricultural Entrepreneurship Fund and joined a Contract Farming funding programme acting as lender and coordinator. More than 3,000 producers have joined the above programme, under which credit limits of €54.5 million and disbursed €24.7 million had been approved as at 31st December, 2013.

### 6.2. *Corporate and SMEs Banking*

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

Piraeus Bank Group offers financing services to businesses that operate in all sectors of the economy through its branch network, large corporate and structured finance division, business centres, shipping banking division, subsidiary banks and subsidiary leasing and factoring companies.

<b>Loans (on a consolidated basis)</b> <b>Amounts in EUR million</b>	<b>As at</b>	
	<b>31st December,</b> <b>2013</b>	<b>2012</b>
Large Enterprises.....	26,841	11,136
SMEs .....	23,327	21,443
Total .....	<u>50,167</u>	<u>32,579</u>

As per the Greek operations of the Group, total loans and advances to businesses in Greece amounted to €42.8 billion as at 31st March, 2014.

## Leasing

Leasing activities are conducted through the subsidiary, Piraeus Leasing S.A. which engages in financial leasing of immovable property, machinery, professional vehicles and other types of assets.

In 2013, new operations amounted to €79 million, compared to €28 million in 2012, while leased assets including assets of Geniki Leasing amounted to €1,015 million as at 31st December, 2013.

In 2013, Piraeus Leasing absorbed Geniki Leasing, while incorporating the leasing operations of the Cypriot carve-out the market share of Piraeus Group in this segment exceeds 40 per cent.

## Factoring

The group provides factoring services since 1998, including domestic factoring services such as debt collection, management and account monitoring and advancing of funds for companies' outstanding claims. Internationally, the Group offers export credit, credit risk coverage, monitoring services, management and debt collection services. Factoring services are provided through wholly owned subsidiary Piraeus Factoring S.A.

### 6.3. *Investment Banking*

#### 6.3.1. *Capital Market Operations & Advisory Services*

Piraeus Bank has a significant presence in the capital markets of Greece and has acquired a large share of the securities underwriting market. Piraeus Bank is one of the leading advisory institutions on initial public offerings 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.

Moreover, in 2013, the Bank offered financial advisory services to Thessaloniki Water and Sewage Company with respect to the international bid for the sale of the Hellenic Republic Asset Development Fund's 51 per cent. participation in the company. The Bank has also advised the PPP Secretariat of the Ministry of Finance in the context of a tender for the materialisation of a waste management programme in the prefecture of Macedonia. In addition, the Bank continued playing an important role in offering financial advisory services as part of implementing the Greek government privatisation programme.

#### 6.3.2. *Stock Exchange Operations - Piraeus Securities S.A.*

Piraeus Securities S.A. is the Group's brokerage arm and, upon its establishment in 1990, was one of the first securities firms to become a member of the ATHEX. The main activities of Piraeus Securities S.A. include intermediation services for the purchase and sale of Greek and foreign shares, derivative products and government and corporate bonds. In the area of derivatives, Piraeus Securities S.A. was the first stock brokering company to operate in Greece. Piraeus Securities S.A.'s network involved in stock exchange operations includes two branches (at Thessaloniki and Patras) and other associated brokerage offices. It also cooperates with most Greek and foreign institutional investors operating in Greece.

## 6.4 *Investment and Asset Management Activities*

### 6.4.1 *Piraeus Asset Management Mutual Funds*

Piraeus Asset Management Mutual Funds S.A. ("Piraeus Mutual Funds") is the Bank's investment arm in the management of mutual funds and institutional investors and Piraeus Mutual Funds collaborates with international finance companies, such as Goldman Sachs Asset Management International, JP Morgan Asset Management, Pioneer Asset Management, ING Luxembourg, Pictet Funds Luxembourg and BNP Paribas Asset Management, while during 2014 it has expanded its foreign Asset Managers list with companies like BlackRock, Franklin Templeton, Schroder, Invesco.

During 2013, Piraeus Mutual Funds absorbed ABG Mutual Fund Management Company S.A. and undertook the management of the Mutual Funds previously managed by MBG Mutual Funds S.A..

In April 2013, the Bank agreed to purchase the mutual fund distribution business of Cyprus Popular Bank.

Piraeus Mutual Funds manages or represents 329 funds. Their total assets amounted to €530 million as at 31st December, 2013, compared to €300 million as at 31st December, 2012.

### 6.4.2 *Wealth Management*

Through Group's wealth management professionals high net worth clients are provided with specialised services and a wide range of tailor-made deposit products, investment products, estate and tax planning. Piraeus Wealth Management S.A. was a subsidiary of Piraeus Bank until mid 2014 when it was absorbed by Piraeus Bank. The Bank gives customers access to world class wealth management services, both in Greece and abroad.

Funds under management amounted to €1.5 billion as at 31st December, 2013 compared to 0.7 billion as at 31st December, 2012.

### 6.4.3 *Venture Capital and Private Equity*

The Group's venture capital and private equity unit, together with Piraeus Equity Partners Ltd., has made investments in companies and projects in the technology, renewable energy and export production sectors in Greece including investments throughout 2013 in innovative start up companies through its specialised vehicle "Piraeus Jeremie Technology Catalyst Fund".

## 6.5 *Treasury*

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

## 6.6 *International Banking Activities*

As far as international activities are concerned, Piraeus Group has international presence in nine countries, five of which are EU members (Romania, Bulgaria, Cyprus, Germany and the UK). The four non-EU members are Albania, Serbia, Ukraine and Egypt. Apart from the banks operating in these countries, Piraeus Group has a significant number of subsidiaries in all of its countries of presence, which offer specialised financial services (leasing, insurance and investment services

and real estate), thus expanding its customer base and adding value to the Group's image in the region.

As at 31st March, 2014, the Group's international network comprised of 410 branches compared to 412 in December 2013 and 449 in December 2012.

As at 31st December, 2013, the total loan portfolio balance originating from international operations amounted to €7,050 million, while deposits amounted to €4,629 million. As at 31st March, 2014 the total balance of loan portfolio originating from international operations amounted to €6,965 million, while deposits amounted to €4,809 million.

As at 31st December, 2013, international activities accounted for 10 per cent. of assets, 28 per cent. of the network of branches and 26 per cent. of human resources. As at 31st March, 2014 international activities accounted for 8 per cent. of assets and 31 per cent. of network at branches and 27 per cent. of employees.

The table below provides information on loans, deposits, branches and employees for the Group's international operations as at 31st March, 2014, 31st December, 2012 and 2013:

<b>(€ in millions)</b>	<b>As of 31st March, 2014</b>	<b>As at 31st December, 2013</b>		<b>2012</b>
Loans .....	6,965	7,050	7,338	7,338
Deposits .....	4,809	4,629	4,559	4,559
Branches .....	410	412	449	449
Employees .....	5,948	5,952	6,232	6,232

#### 6.6.1. Piraeus Bank branch in London

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

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

#### 6.6.2. Piraeus Bank Romania S.A.

Piraeus Bank Group has been present in Romania since 2000, and its network comprised 140 branches on 31st March, 2014. It was established to provide banking services to Greek enterprises operating in Romania, but it quickly extended its services to local enterprises and households as well.

In 2013, Piraeus Bank Romania S.A. focused on maintaining the quality of its loan portfolio and on attracting deposits, on reducing expenses and improving operating performance and on restructuring its network by closing 27 branches, while another 20 other branches had been closed since 2010.

Upon the integration in July 2012, the activities of ATE Bank Romania S.A. were also transferred to the Group. On 18th December, 2013, the Bank completed the sale of its entire stake in Atebank Romania S.A. (93.27 per cent.) for a consideration of €10.3 million.

As at 31st March, 2014, customer deposits amounted to €1,058 million, compared to €1,027 million as at 31st December, 2013 and €896 million as at 31st December, 2012. The Group's loans

before provisions in Romania amounted to €2,971.5 million as at 31st March, 2014, compared to €2,988 million as at 31st December, 2013 and €3,052 million as at 31st December, 2012.

In Romania, the Group also provides financial leasing and insurance services through Piraeus Leasing Romania S.R.L. and Piraeus Insurance Reinsurance Brokerage Romania S.R.L.

#### 6.6.3. *Tirana Bank IBC S.A.*

Tirana Bank IBC S.A. was founded in September 1996 and was the first privately owned bank in Albania. On 31st March, 2014 it had 53 branches and is the fifth largest bank in the country in terms of loans.

In spite of the deterioration of the economic climate in Albania, Tirana Bank IBC S.A. has succeeded in increasing its deposit base by €18.8 million, continuing its operation as an independent unit not financed by the Bank.

As at 31st March, 2014, customer deposits increased by 3 per cent. to €566 million from €522 million as at 31st December, 2013 and €503 million as at 31st December, 2011. Loans before provisions amounted to €377 million as at 31st March, 2014, compared to €374 million as at December 2013, €414 million as at December 2012, and €435 million as at 31st December, 2011.

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

#### 6.6.4. *Piraeus Bank Bulgaria AD*

Piraeus Bank Bulgaria AD started operating in 1993, when a branch was set up in Sofia, making it the first foreign bank established in Bulgaria. Today, with an existing network of 83 branches, the Bank offers extensive geographical coverage of the country and is one of the major banks in Bulgaria. The Group's subsidiaries Piraeus Leasing Bulgaria EAD and Piraeus Insurance Brokerage EOOD also operate in the country. As at 31st March, 2014, customer deposits amounted to €911 million, compared to €925 million in 2013 and €748 million in 2012 whereas loans before provisions amounted to €1,347 million as at 31st March, 2014 compared to €1,352 million as at 31st December, 2013 and €1,467 million as at 31st December, 2012.

In 2013, Piraeus Bank Bulgaria AD focused on:

- maintaining its position in the local market in the country
- preserving the range and quality of its customers;
- maintaining sufficient and stable financial ratios;
- reducing operating costs;
- developing new deposit products with the aim of increasing deposits.

#### 6.6.5. *Piraeus Bank Beograd AD*

Piraeus Bank entered the Serbian market in 2005 with the acquisition of Atlas Bank, later renamed Piraeus Bank Beograd AD. On 31st December, 2013 it had 42 branches and provided a broad range of banking products to individuals and businesses.

As at 31st March, 2014, customer deposits amounted to €265 million compared to €285 million as at 31st December, 2013 and €307 million as at 31st December, 2012, whereas loans before provisions amounted to €594 at the end of March 2014 compared to €611 million as at 31st December, 2013 and €595 million as at 31st December, 2012.

In 2013, the Bank particularly focused on expanding its depositor base, improving the quality of the services offered and providing products tailored to the Serbian market.

In addition to the above, the subsidiaries Piraeus Leasing Beograd and Piraeus Rent Doo Beograd have been operating in Serbia since 2007.

#### 6.6.6. *JSC Piraeus Bank ICB*

Piraeus Bank began activities in the Ukraine in late 2007 with the acquisition of the local bank International Commerce Bank ICB. As at 31st March, 2014, Piraeus Bank had 37 branches. Following the recent geopolitical tensions and due to the 2014 annexation of the Crimean peninsula by Russia, the Bank has already ceased the operations of 9 branches residing in the region during the second quarter of 2014.

The current political crisis in Ukraine may place additional strain on the domestic banking sector. In this current political turmoil Piraeus Bank's operations in Ukraine focus on expanding the customer base, mainly through e-banking, reducing operating costs and systematically managing the quality of the loan portfolio.

In 2013, Banker magazine awarded JSC Piraeus Bank ICB the prize for the bank with the most developed use of technologies in the GUAM (Georgia, Ukraine, Azerbaijan, Moldova) region.

#### 6.6.7. *Piraeus Bank Cyprus Ltd.*

Piraeus Bank (Cyprus) began operation in 2008 when it absorbed local Arab Bank activities. As at 31st March, 2014, it numbered 14 branches and 321 employees.

As at 31st December, 2013, total exposure to Cyprus accounted for 1.2 per cent. of total assets. The exposure in Cyprus includes the assets and loans amounting to €834 million of wholly owned subsidiary, Piraeus Bank Cyprus. Additionally, as at 31st December, 2013, Piraeus Bank Cyprus Ltd had contingent liabilities amounting to €910 million. The net income of activities in Cyprus for the year ended 31st December, 2013 accounted for 11 per cent. of total net income.

In June 2012, the government of Cyprus applied for financial assistance from the ECB, the EU and the IMF (the "Troika"). As economic conditions in Cyprus deteriorated, the government of Cyprus ordered all banking institutions in Cyprus to temporarily close from and including 15th March, 2013 to 27th March, 2013, to avoid a run on deposits held in the country's banks, and entered into intensive negotiations with the Troika. On 25th March, 2013, the government of Cyprus and the Troika reached a provisional agreement regarding the provision of a €10 billion loan and related finance package to Cyprus, the loan and finance package being conditional on Cyprus implementing a comprehensive economic adjustment programme (the "Cyprus Economic Adjustment Programme"). The Cyprus Economic Adjustment Programme will include a scheme for the reorganisation of the Cypriot banking system that resulted in deposit holders with credit balances in excess of €100,000 suffering significant or total losses. Deposit holders with credit balances in excess of €100,000 held with the Bank of Cyprus plc, are also sharing the burden by exchanging part of their deposits with shares as part of the recapitalisation programme. As a part of the implementation of the Cyprus Economic Adjustment Programme, temporary restrictions on bank transfers and withdrawals from banking institutions in Cyprus have been imposed. In addition, the government of Cyprus and the Troika have reached an agreement on a Memorandum of Understanding, which is subject to ratification by the national parliaments of the member states of the Eurozone, pursuant to which the government of Cyprus has passed legislation for the increase of the income tax rate from 10 per cent. to 12.5 per cent. and an increase of the rate of the special defence contribution tax from 15 per cent. to 30 per cent.

#### 6.6.8. *Piraeus Bank Egypt S.A.E.*

The Group has been active in Egypt since 2005 when it acquired Egyptian Commercial Bank, which was renamed Piraeus Bank Egypt S.A.E. and has a network of 39 branches as at 31st March, 2014. Piraeus Egypt Leasing Co is also active in Egypt.

#### 6.6.9. *Germany branch*

ATEbank entered the German market in 1985 and, following restructuring of its network, it maintained a branch providing lending and deposit services and trade finance. Upon completion of the ATEbank Acquisition, ATEbank's branch in Frankfurt was transferred to Piraeus Bank. This branch is the only branch of a Greek bank in Germany, and it is regulated by the German regulatory authorities as an autonomous business unit. Furthermore, it offers web banking services and is connected online with accounts kept at the branches of the former bank. The branch offers advisory services on the quality of suppliers and customers in Greece and in Germany, trade finance and payment services, as well as deposit products and lending services, combining the advantages of the German market with the ease of processing transactions both from Germany and Greece.

#### 6.7. *Other activities*

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

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

Picar S.A. has undertaken the utilisation and operation of the Citylink Complex, covering an area of 65,000 square metres, located on the building block surrounded by Stadiou, Voukourestiou, Panepistimiou and Amerikis streets in the centre of Athens, until 2052, where Piraeus' headquarters are also located. Picar S.A. also has a 5.88 per cent. ownership stake in Attica Department Stores S.A., which is active in managing and operating the multi brand store Attica, Attica Golden in Maroussi and Attica Mediterranean Cosmos in Thessaloniki, and has concluded important partnerships with famous fashion designers and cosmetics and accessories brands. In 2013 Picar's S.A. lease income totalled €18.8 million.

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

ETVA Industrial Parks S.A. was set up in 2003, after the Industrial Parks sector was spun off from ETVAbank and acquired by Piraeus Group, having as its main scope of activity the establishment, management and operation of existing or new industrial areas.

Piraeus Bank holds a 65 per cent. and the Greek state a 35 per cent. stake in the company. Thus, an original, profitable and efficient private public partnership developed, combining entrepreneurship with the country's regional development. ETVA Industrial Parks S.A. has developed and today manages a large number of industrial areas and parks throughout Greece. It operates 26 industrial areas nationwide, where it develops and manages infrastructure projects. In these parks there are currently established approximately 2,300 businesses where over 30,000 people are employed.

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

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

Piraeus Real Estate S.A. provides a full range of real estate design, development and management services. It is involved in real estate development, project management and administration, integrated real estate management on behalf of owners and investors and property valuations, while it also offers investment consulting services to real estate investment companies and funds in Greece and internationally.

As at December 2013 Piraeus Real Estate S.A. managed, in collaboration with the Group's real estate companies in Greece and abroad, a real estate portfolio of €653 million. In 2013, Piraeus Real Estate S.A. managed the construction of projects both inside and outside Greece with a total budget of €50 million, performed valuations of property with a total estimated value of €4,650 million, and continued to provide financial and technical consultant services as well as facility management services with respect to five major commercial and recreation developments in Greece and three major real estate units in south eastern Europe (Bulgaria, FYROM, Albania). In collaboration with Piraeus Bank S.A., Piraeus Real Estate S.A. implements the agreement concluded with the European Investment Bank in February 2012 to manage the Urban Development Funds of the JESSICA programme in the regions of Central Macedonia and Thessaly (management of funds amounting to approximately €40 million from EU Structural Funds, plus co-financing amounting to €16.8 million from Piraeus Bank). Implementation of the above JESSICA programme started in March 2014 when the first financing agreement was executed with respect to an urban development project in central Macedonia.

## **7. Risk Management**

Risk management is the focus of attention and a key concern of the management, as it is one of the key functions of the Group. 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 is fully responsible for the development and supervision of the risk management framework. The following committees and units contribute to planning, monitoring and managing risk and assessing capital adequacy in reference to the scale and type of risks undertaken:

The Risk Management Committee ("RMC"), appointed by the Board of Directors in accordance with Bank of Greece's Act 2577/2006, with a scope to effectively manage all types of risks arising from the bank's activities and ensure a consistent and uniform assessment and a specialised treatment thereof as well as to coordinate operations on a Bank and Group level. The RMC is responsible to clearly define the Group's risk management strategy and risk appetite, and to thoroughly communicate such risk appetite to all units. The Group's risk appetite is used as a benchmark for the definition of policies and limits on a Group level, on a business level and on a geographical area level. The RMC holds meetings at least once a month and reports to the Board of Directors on its works; it held ten (10) meetings throughout 2013.

The Assets and Liabilities Committee ("ALCO") plays an active role in the Group's market and liquidity risk management. The ALCO convenes on a monthly basis in order to review market developments (in combination with financial risk exposures undertaken by the Bank and its subsidiaries). Since 2011 emphasis remains on matters of liquidity management, with the aim of securing sufficient liquidity for the Group, given the extremely adverse conditions in the Greek and international markets.

Piraeus Group reviews the adequacy and effectiveness of the risk management framework on an annual basis, so as to respond to market dynamics, changes in products offered and the recommended international practices. The Group Risk Management Division is responsible to plan, further determine and implement risk management and capital adequacy policy, according to our Board's guidelines, with respect to all types of risks arising from the Group's activities. The Division is composed of the following units: Group Credit Risk Management, Group Capital Management, Group Market and Operational Risk Management, International Risk Coordination and Corporate Credit Control.

Two of the above units were established in 2013. The Corporate Credit Control unit was established with a scope to implement, on a regular basis, independent evaluations of the quality of approved credit exposures (post-approval) and of the credit risk monitoring practices applied to

our business portfolio, to identify key findings and to recommend practices and procedures for the timely and effective treatment of high (in quantity and quality) credit risk exposures. The Group International Risk Coordination unit is responsible for the coordination and harmonisation of risk management operations amongst our Greek and foreign subsidiaries. The unit develops and monitors the risk management framework and supervises the risk profile for the foreign subsidiary banks. Our Group Internal Audit division supervises our activities and evaluates the effectiveness and efficiency of the risk management procedures we apply.

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

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

### *7.2. Credit Risk Measurement and Monitoring*

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

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

More specifically, in its efforts to constantly improve the credit risk rating systems, the Bank has optimised the existing MRA credit rating model applicable to the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover in excess of €2.5 million.

In 2012, the Credit Risk Management Division carried out research that established the high predictive power of the Teiresias score ("TBS") with respect to the Group's business portfolio of

small enterprises and professionals. After the Credit Risk Management Division determined the high predictive power of TBS, it has been used as an additional tool for their credit rating assessment.

Corporate credit borrowers are rated in 23 credit rating grades, which correspond to the different levels of credit risk and relate to different rates of default probability, allowing for the provisioning against specific exposures. Each rating grade is associated with a specific customer relationship policy.

Higher grades correspond to increasing levels of credit risk. The first 19 grades refer to standard classification corporate customers. Grades 20 to 23 refer to borrowers with classified credits (20: Special Mention, 21: Distressed Restructuring, 22: Substandard, 23: Doubtful/Loss).

In 2013, the development and implementation of grade models has further progressed with respect to our foreign subsidiaries, while the calibration of RA model to the uniform 19th grade scale, applied in our Bank; was implemented successfully.

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

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

Piraeus Bank Group

	<b>March 2014</b>	<b>December 2013*</b>	<b>December 2012*</b>
Loans in arrears > 90 days .....	37.9%	36.6%	24.2%

\* excluding the seasonal loan to OPEKEPE of €2 billion at the end of 2012 and 2013, that is repaid at the beginning of next year

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

### 7.2.1. Credit Risk Stress-Testing Exercises

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

### 7.3. Credit Risk Mitigating Techniques

Piraeus Bank Group applies credit limits in order to manage and control its credit risk exposure and concentration. Credit limits define the maximum acceptable risk undertaken per counterparty, per

group of counterparties, per credit assessment rank, per product and per country. Additionally, limits are set and implemented against exposures to credit institutions. Total exposure to debtors' credit risk, including financial institutions, is further controlled by the implementation of sub-limits, which address on- and off-balance sheet exposures.

In order to set customer limits, the Group takes into consideration any collateral or security which reduces the level of risk assumed. The Group categorises the risk of credits into risk classes, based on the type of associated collateral/security and their liquidation potential. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. Credit limits of the Group are set with an effective duration of up to 12 months and are subject to annual or more frequent review. Monitoring of approved limits is performed on a daily basis and any violations are reported and dealt with in a timely manner.

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

#### *7.4. Liquidity Risk Management*

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

The Group's liquidity risk management remained a top priority in 2013 as well, due to the unfavourable liquidity conditions that prevailed in the Greek economy throughout the year. To that end, functions related to the close monitoring of the Bank's liquidity position, the regular flow of information to Management, as well as the constant assessment of the effectiveness of the measures taken to sustain adequate liquidity, were further enhanced.

Measures, such as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk. Piraeus Bank also participated in the provisions of Law 3723/2008 for the enhancement of liquidity in the economy. Specifically, liquidity has been drawn through the issuance of preference shares (Pillar I), guarantees given under the Pillar II and Special purpose Greek Government Bonds (Pillar III) schemes amounting to an aggregate of €11.7 billion on 31st December, 2013.

During 2013, Piraeus Bank minimised the use of ELA as well as its total funding through the Eurosystem. In addition, interbank funding increased significantly through repo transactions. Finally, in June 2013, Piraeus Bank successfully carried through a share capital increase.

Following the acquisition of the Cypriot Banks network in Greece (Cyprus Bank, Cyprus Popular Bank, Hellenic Bank), Piraeus Bank improved significantly its funding composition, as it enhanced and diversified its deposit base. Finally, in light of the above acquisitions, Piraeus Bank received €524 million of EFSF bonds, under the banking system recapitalisation framework in order to meet the capital needs of the three Cypriot Banks.

#### *7.5. Market Risk Management*

Market risk is defined as the risk of incurring losses due to adverse changes in the level 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. Piraeus Bank has adopted and applies widely accepted techniques for the measurement of market risk. The value-at-risk ("VaR") measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. Piraeus Bank implements the parametric VaR method, assuming a one-day holding period and utilising a 99 per cent. confidence level. VaR is measured for the positions in the Trading Book as well as the Available for Sale Equity Portfolio.

The Value at Risk estimate for the Group's Trading Book, at 31st December, 2013, was € 1.27 million. This estimate consists of € 0.42 million for interest rate risk, € 0.01 million for equity risk, € 1.14 million for foreign exchange risk and € 0.05 million for commodities risk. There is a reduction in the Value at Risk estimate of € –0.34 million due to the diversification effect in the portfolio.

<b>(€ in millions)</b>	<b>Piraeus Bank Group Trading Book Total VaR</b>	<b>VaR – Interest Rate Risk</b>	<b>VaR Equities Risk</b>	<b>VaR Foreign Exchange Risk</b>	<b>VaR Com- modities Risk</b>	<b>Diversifi- cation Effect</b>
As at 31st December, 2013 .....	1.27	0.42	0.01	1.14	0.05	(0.34)
As at 31st December, 2012 .....	1.32	0.46	0.01	1.13	0.10	(0.38)

#### 7.6. Operational Risk Management

Piraeus Bank Group acknowledges its exposure to operational risk deriving from its daily operation and from the implementation of business and strategic objectives. In 2013, the Group continued with the consistent implementation of the operational risk management framework in the Bank's units and the Group's subsidiaries. The aforementioned framework covers the identification, assessment, quantification, mitigation and monitoring of the operational risk. The continuous development of the framework enhances the timely and effective support to the business operation of the Group and to the fulfilment of the regulatory requirements.

#### 7.7. Group Capital Adequacy

In 2013, the Bank strengthened its capital base through the 2013 share capital increase, which included a capital increase in the amount of € 8,429 million. The Group's Total Group Capital Adequacy ratio at the end of December 2013 stood at 14.0 per cent. and the Core Tier I EBA ratio at 13.9 per cent. including the State Preference Shares. The Group's Total Capital Adequacy Ratio under the newly introduced Basel III regulatory framework (Regulation (EU) No 575/2013), (at the end of March 2014, stood at 13.1 per cent. and the Common Equity Tier I ratio ("CET I ratio") at 12.9 per cent.. The CET I ratio is well above the minimum Basel III target ratio of 7 per cent. (i.e. 4.5 per cent. CET I plus a 2.5 per cent. conservation buffer). In April 2014 the Bank further strengthened its capital base through the 2014 share capital increase which amounted to €1,750 million. On 21st May, 2014 the Bank proceeded to fully redeem to the Hellenic Republic the total amount of preference shares (Pillar Law 3723/2008) in the amount of €750 million, issued to the latter by the Bank. Taking into account on a pro-forma basis the share capital increase of 2014 and the redemption of preference shares, the Group's Total Capital Adequacy Ratio and the Group's CET 1 Ratio stand at 14.7 per cent. and 14.5 per cent. respectively.

## 8. Analysis of Loan Portfolio

Net loans accounted for 66 per cent. of the Group's total assets in March 2014. The loan portfolio of the Group is highly diversified across various sectors with loans to individuals (mortgage and consumer credit) comprising 34.9 per cent. of total gross loans, while loans to medium-sized, large enterprises, shipping and SMEs accounted for 65.1 per cent., as at 31st March, 2014.

Mortgage .....	24.4%
Manufacturing and Handicraft .....	10.8%
Consumer .....	10.5%
Trade .....	9.9%
Construction .....	9.1%
Real Estate .....	5.0%
Hotels .....	4.9%
Financials .....	4.6%
Other Services .....	3.9%
Energy .....	2.5%
Agriculture .....	1.6%
Information Technology .....	1.5%
Public Sector .....	0.6%
Other* .....	10.7%

\* "other" includes exposure to health industry, mines, fishery et. all.

The majority of loans granted by the Group are on a floating rate basis, with interest resets mostly at one or three-month refix periods. As of 31st December, 2013, the Group's net loans and advances, in currencies other than Euro, amounted to €8,451 million (13.6 per cent. of total net loans and advances to customers).

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

	Composition As at 31st December, 2013	
	Amounts in EUR million	%
Euro .....	53,915	86.4%
Other Currencies .....	8,451	13.6%
Total Net Loans and Advances to customers .....	62,366	100%

With regard to asset quality, the ratio of loans in arrears above 90 days stood at 37.9 per cent. in March 2014 versus 36.6 per cent. in December 2013 and 24.2 per cent. in December 2012 (excluding the seasonal loan to OPEKEPE), while the average ratio of loans in arrears above 90 days for the Greek market reached 31.9 per cent. in December 2013 (source: Bank of Greece).

## Loan Quality

	As at 31st March, 2014	As at 31st December, 2013	
		2013	2012
<b>Amounts in EUR million</b>			
Total Gross Loans .....	73,610	76,114	50,573
Loans in Arrears > 90 days .....	27,903	27,166	11,760
Loans in Arrears > 90-day ratio .....	37.9%	36.6%	24.2%
Loan loss provisions as a percentage of total loans .....	19.2%	18.5%	12.3%
Loan loss provisions as a percentage of loans in Arrears > 90 days .....	50.7%	50.6%	50.7 %

## 9. Analysis of Funding

As at 31st March, 2014, the Group's total customer deposits amounted to €54.6 billion.

As at 31st December, 2013, the Group's total customer deposits amounted to €54.3 billion compared to €36.9 billion as at 31st December, 2012. As at 31st March, 2014 deposits in Greece with the incorporation of Geniki Bank S.A. amounted to €49.8 billion, representing a 28.7 per cent. share of the total Greek deposit market. During the same period, deposits sourced through the Group's international operations stood at €4.8 billion.

As at 31st December, 2013, the Group's deposits, in currencies other than Euro, amounted to €5,105 million (9.4 per cent. of total obligations to customers).

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

	Composition as at 31st December,			
	2013		2012	
<b>Amounts in EUR million</b>				
Euro .....	49,174	90.6%	32,637	88.3%
Other Currencies .....	5,105	9.4%	4,335	11.7%
Total obligations to customers .....	<u>54,279</u>	<u>100.0%</u>	<u>36,971</u>	<u>100.0%</u>

### **Total Obligations to Customers by Maturity**

Amounts in € million	More than 3 months and up to			Total
	Less than 3 months	1 year	More than 1 year	
As at 31st December, 2012 .....	29,849	6,157	965	36,971
As at 31st December, 2013 .....	<u>43,120</u>	<u>10,500</u>	<u>659</u>	<u>54,279</u>

Liabilities to credit institutions totalled €26,274 million at December 2013 compared with €32,561 million as at 31st December, 2012, posting a decrease of 19.3 per cent. As at 31st March, 2014, Eurosystem funding was approximately €10.4 billion, with zero ELA funding compared to €17.1 billion and €0.75 billion in December 2013 respectively, a decrease of 39 per cent..

## **10. Technology and 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.

After the completion of the ATEbank Acquisition, the Group proceeded with a thorough renovation of the building housing the former ATEbank's data centre, which will be certified according to the most advanced international standards (Tier 4) and will become the Group's new data centre. The new data centre is fully operational, since May 2013, and in February 2014 it was certified as one of the 50 data centres globally meeting Tier 4 standards successfully and supporting uninterrupted operation 24x7.

In the event of a disaster, a disaster data centre assures recovery of full function ability within 2 to 3 hours.

In the main data centre in Athens and in the disaster data centre in Thessaloniki, multiple systems have been installed to provide central support to subsidiary banks abroad (ATM Switching Base 24, Internet Banking, Antimoney Laundering L/WLM, Risk Management, Fraud Management, Moody's RMA, etc.).

The Bank's core banking system is one of the most popular central banking systems in the world ("Equation" by MISYS), which is linked online in real time with a complete range of peripheral systems and applications.

Subsidiaries outside of Greece use two central banking systems, Equation by MISYS and Signature by FISERV.

The Group has one of the most sophisticated e-banking platforms in Europe, which was designed and deployed in cooperation with Microsoft and has won multiple international awards and prizes.

## **11. Human Resources**

At the end of March 2014, the Group employed 22,402 people compared to 22,509 in 2013 and 18,597 in 2012, while in Greece it employed 16,454 people in March 2014 versus 16,558 in 2013 and 12,365 in 2012.

Among the total Group employees, 57 per cent. are female and 43 per cent. male. The average age of the Group's employees is 39 years. The age distribution of employees is a major advantage for the Group. The age composition favours the introduction and implementation of changes in technology, methods and targets, as 82 per cent. of people are up to 45 years old. At the same time, its highly-trained employees provided invaluable support in offering efficient customer guidance and services in the financially critical year that elapsed.

As can be seen by the high rate of graduate and post-graduate degree holders (74 per cent.), the Group has managed to have in its employment high-quality and educated employees who contribute substantially to the achievement of its business goals. The equivalent percentage of such employees in the international subsidiaries is 83 per cent.

Continuous emphasis was placed on utilising the existing human resources to meet new business needs. Specifically, at Group level, staffing needs were met via external recruitment at 2.4 per cent., and internal reallocations and promotions at 95 per cent.

Having actively and consistently used internal hiring in recent years:

- vacancies are communicated openly and transparently, and are filled by existing people in the Group as a priority, thus ensuring the development of employees who have the competencies to assume management roles in the medium term;

- development and career incentives are offered to all employees based on career planning;
- assessment and development centres are applied for middle and higher management roles;
- expatriation is encouraged, with the posting of executives to Group subsidiaries abroad for optimal coverage to the greatest feasible extent of staffing needs with experienced and able executives.

## 12. Subsidiaries and Associates

Piraeus Bank Group subsidiaries that were fully consolidated as at 31st March, 2014 are illustrated in the table below:

<b>Subsidiary companies from continuing operations</b>	<b>Direct and Indirect participation</b>
Tirana Bank I.B.C. S.A. ....	98.83%
Piraeus Bank Romania S.A. ....	100.00%
Piraeus Bank Beograd A.D. ....	100.00%
Piraeus Bank Bulgaria A.D. ....	99.98%
Piraeus Bank Egypt S.A.E. ....	98.30%
JSC Piraeus Bank ICB ....	99.99%
Piraeus Bank Cyprus LTD ....	100.00%
Geniki Bank S.A. ....	99.94%
Piraeus Leasing Romania S.R.L. ....	100.00%
Piraeus Insurance and Reinsurance Brokerage S.A. ....	100.00%
Tirana Leasing S.A. ....	100.00%
Piraeus Securities S.A. ....	100.00%
Piraeus Group Capital LTD ....	100.00%
Piraeus Leasing Bulgaria EAD ....	100.00%
Piraeus Group Finance P.L.C. ....	100.00%
Piraeus Factoring S.A. ....	100.00%
Picar S.A. ....	100.00%
Bulfina S.A. ....	100.00%
General Construction and Development Co. S.A. ....	66.67%
Piraeus Direct Services S.A. ....	100.00%
Komotini Real Estate Development S.A. ....	100.00%
Piraeus Real Estate S.A. ....	100.00%
ND Development S.A. ....	100.00%
Property Horizon S.A. ....	100.00%
ETVA Industrial Parks S.A. ....	65.00%
Piraeus Development S.A. ....	100.00%
Piraeus Asset Management S.A. ....	100.00%
Piraeus Buildings S.A. ....	100.00%
Estia Mortgage Finance PLC ....	—
Euroinvestment & Finance Public LTD ....	90.89%
Lakkos Mikelli Real Estate LTD ....	50.66%
Philoktimatiki Public LTD ....	53.31%
Philoktimatiki Ergoliptiki LTD ....	53.31%
New Evolution S.A. ....	100.00%
EMF Investors Limited ....	100.00%
Piraeus Green Investments S.A. ....	100.00%
New Up Dating Development Real Estate and Tourism S.A. ....	100.00%
Sunholdings Properties Company LTD ....	26.66%
Polytropon Properties Limited ....	39.98%

<b>Subsidiary companies from continuing operations</b>	<b>Direct and Indirect participation</b>
Capital Investments & Finance S.A. ....	100.00%
Vitria Investments S.A. ....	100.00%
Piraeus Insurance Brokerage EOOD ....	99.98%
Trieris Real Estate Management LTD ....	100.00%
Piraeus Egypt Leasing Co. ....	98.30%
Piraeus Egypt for Securities Brokerage Co. ....	98.30%
Piraeus Insurance Reinsurance Broker Romania S.R.L. ....	100.00%
Piraeus Real Estate Consultants S.R.L. ....	100.00%
Piraeus Leases S.A. ....	100.00%
Multicollection S.A. ....	51.00%
Olympic Commercial & Tourist Enterprises S.A. ....	94.00%
Piraeus Rent Doo Beograd ....	100.00%
Estia Mortgage Finance II PLC ....	–
Piraeus Leasing Doo Beograd ....	100.00%
Piraeus Real Estate Consultants Doo ....	100.00%
Piraeus Real Estate Bulgaria EOOD ....	100.00%
Piraeus Real Estate Egypt LLC ....	100.00%
Piraeus Bank Egypt Investment Company ....	98.28%
Piraeus Insurance Agency S.A. ....	100.00%
Piraeus Capital Management S.A. ....	100.00%
Piraeus Insurance Brokerage Egypt.....	96.33%
Integrated Services Systems Co. ....	98.29%
Axia Finance PLC.....	–
Piraeus Wealth Management A.E.PE.Y.....	100.00%
Praxis Finance PLC ....	–
Axia Finance III PLC.....	–
Praxis II Finance PLC.....	–
Axia III APC LIMITED.....	–
Praxis II APC LIMITED.....	–
PROSPECT N.E.PA. ....	100.00%
R.E Anodus LTD.....	100.00%
Pleiades Estate S.A. ....	100.00%
Solum Limited Liability Company ....	99.00%
Piraeus (Cyprus) Insurance Brokerage Ltd ....	100.00%
O.F. Investments Ltd ....	100.00%
DI.VI.PA.KA S.A. ....	57.53%
Piraeus Equity Partners Ltd. ....	100.00%
Piraeus Equity Advisors Ltd. ....	100.00%
Achaia Clauss Estate S.A. ....	74.76%
Piraeus Equity Investment Management Ltd ....	100.00%
Piraeus FI Holding Ltd ....	100.00%
Piraeus Master GP Holding Ltd.....	100.00%
Piraeus Clean Energy GP Ltd ....	100.00%
Curdart Holding Ltd ....	100.00%
Piraeus Clean Energy LP ....	100.00%
Piraeus Clean Energy Holdings LTD ....	100.00%
Visa Rent A Car S.A. ....	94.00%
Adflikton Investments LTD ....	100.00%
Costpleo Investments LTD ....	100.00%
Cutsofiar Enterprises LTD ....	100.00%
Gravieron Company LTD ....	100.00%

<b>Subsidiary companies from continuing operations</b>	<b>Direct and Indirect participation</b>
Kaihur Investments LTD .....	100.00%
Pertanam Enterprises LTD.....	100.00%
Rockory Enterprises LTD .....	100.00%
Topuni Investments LTD .....	100.00%
Albalate Company LTD .....	100.00%
Akimoria Enterprises LTD .....	100.00%
Alarconaco Enterprises LTD.....	100.00%
Kosmopolis A' Shopping Centers S.A. ....	100.00%
Parking Kosmopolis S.A. ....	100.00%
Zibeno Investments Ltd.....	83.00%
Bulfinace E.A.D. ....	100.00%
Zibeno I Energy S.A. ....	83.00%
Asset Management Bulgaria EOOD .....	100.00%
Arigeo Energy Holdings Ltd.....	100.00%
Exus Software Ltd. ....	50.10%
Proiect Season Residence SRL .....	100.00%
Piraeus Jeremie Technology Catalyst Management S.A. ....	100.00%
KPM Energy S.A. ....	80.00%
Piraeus Asset Management Europe S.A. ....	100.00%
Geniki Financial & Consulting Services S.A. ....	99.94%
Geniki Insurance Agency S.A. ....	99.94%
Geniki Information S.A. ....	99.94%
Solum Enterprise LLC .....	99.00%
General Business Management Investitii S.R.L. ....	100.00%
Centre of Sustainable Entrepreneurship Excelixi S.A. (former Atexcelixi S.A.) ....	100.00%
Piraeus Bank (Cyprus) Nominees Limited .....	100.00%
Mille Fin S.A. ....	100.00%
Geniki Asset Management A.E.D.A.K. (former Millennium A.E.D.A.K.) .....	100.00%
Kion Mortgage Finance Plc .....	-
Kion Mortgage Finance No.3 Plc.....	-
Kion CLO Finance No.1 Plc .....	-
Re Anodus Two Ltd .....	99.09%
Sinitem Llc.....	99.00%
Beta Asset Management Eood .....	99.98%
Linklife Food & Entertainment Hall S.A. ....	100.00%
R.E. Anodus SRL .....	99.09%
Entropia Ktimatiki S.A. ....	66.70%
Tellurion Ltd .....	100.00%
Tellurion Two Ltd .....	99.09%
Akinita LTD LLC .....	99.09%
Daphne Real Estate Consultancy SRL.....	99.09%
Rhesus Development Projects SRL .....	99.09%

Estia Mortgage Finance PLC, Estia Mortgage Finance II PLC, Axia Finance PLC, Praxis Finance PLC, Axia Finance III PLC, Praxis II Finance PLC, Axia III APC LIMITED, Praxis II APC LIMITED, Kion Mortgage Finance Plc, Kion Mortgage Finance No.3 Plc and Kion CLO Finance No.1 Plc are special purpose vehicles for securitization of loans and issuance of debt securities. Sunholdings Properties Company LTD and Polytropon Properties Limited, although presenting less than 50 per cent. holding percentage, are included in the Group's subsidiaries portfolio due to existence of control.

Also, as at 31st March, 2014 the companies Piraeus Buildings S.A., Capital Investments & Finance S.A., Vitria Investments S.A., Piraeus Egypt for Securities Brokerage Co., Multicollection S.A., Piraeus Real Estate Consultants Doo, Kion Mortgage Finance No.3 Plc and Kion CLO Finance No.1 Plc were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) "Asbestos Mines S.A.," b) "Hellenic Industry of Aluminum," c) "Oblivio Co. Ltd," d) "ELSYF S.A.," e) "Blue Wings Ltd," f) "Piraeus Bank's Congress Centre," g) "Piraeus Bank Group Cultural Foundation," h) "Procas Holding Ltd," i) "Phoebe Investments SRL", j) "Core investments Project SRL", k) "Amaryllis Investments Consultancy SRL", l) "Torborg Maritime Inc.," m) "Isham Marine Corp.," n) "Cybele Management Company," o) "Alegre Shipping Ltd," p) "Maximus Chartering Co." and q) "Lantana Navigation Corp.:" The companies lettered (a)-(d) are fully depreciated, under liquidation or dissolution status. The company lettered (e) is under idle status. The companies lettered (h)-(k) have not started operating yet. The companies lettered (l)-(q) have been inactivated and will be set under dissolution. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

<b>Subsidiaries from discontinued operations</b>	<b>Direct and Indirect participation</b>
ATE Insurance S.A. ....	100.00%
ATE Insurance Romania S.A. ....	99.47%

As at 31st March, 2014, Piraeus Bank Group associate companies, which are consolidated using the equity method, are presented in the following table which is included in the consolidated interim condensed financial information for the period ended 31st March, 2014:

<b>Associate companies from continuing operations</b>	<b>Activity</b>	<b>Direct and Indirect participation</b>
Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%
Evros' Development Company S.A.	European community programs management	30.00%
Project on Line S.A.	Information technology & software	40.00%
Alexandria for Development & Investment	Investment company	21.63%
Nile Shoes Company	Footwear seller-manufacturer	38.67%
APE Commercial Property Real Estate Tourist and Development S.A.	Holding Company	27.80%
APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%
Trieris Real Estate LTD	Property management	22.94%
European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%
APE Investment Property S.A.	Real estate, development/ tourist services	27.20%
Sciens International Investments & Holding S.A.	Holding company	28.10%
Trastor Real Estate Investment Company	Real estate investment property	33.80%
Euroterra S.A.	Property management	39.22%
Rebikat S.A.	Property management	40.00%
Abies S.A.	Property management	40.00%
ACT Services S.A.	Accounting and tax consulting	49.00%

<b>Associate companies from continuing operations</b>	<b>Activity</b>	<b>Direct and Indirect participation</b>
Exus S.A.	Information technology & software	49.90%
Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33.15%
Piraeus - TANE0 Capital Fund	Close end Venture capital fund	50.01%
AIK Banka	Banking activities	20.86%
Teiresias S.A.	Inter banking company. 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	50.76%
Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	23.42%
Euroak S.A. Real Estate	Real Estate Investment	32.81%
Gaia S.A.	Software services	30.00%

Piraeus –TANE0 Capital Fund is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions. Good Works Energy Photovoltaics S.A. is under liquidation as at 31st March, 2014. Pyrrichos S.A. is included in the associate companies' portfolio since the Group has significant influence and not control.

The following associate companies have been excluded from the consolidation under the equity method of accounting: a) "Evrytania S.A. Agricultural Development Company", since it is under idle status and b) "Olganos S.A.", which was established as at 29th January, 2014 but it has not started business operation as at 31st March, 2014.

As at 31st December, 2013, the Piraeus Bank Group associate companies, which are consolidated using the equity method, are presented in the following table which is included in the annual consolidated financial statements for the year 2013:

<b>Associate company</b>	<b>Activity</b>	<b>Direct and Indirect Participation as at 31st December, 2013</b>	<b>Total Equity as at 31st December, 2013 (amounts in thousand €)</b>	<b>Profit Before Tax 2013 for the year ended (amounts in thousand €)</b>
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Scientific and technology park management	30.45%	183	0
EVROS' DEVELOPMENT COMPANY S.A.	European community programs management	30.00%	49	(16)
PROJECT ON LINE S.A.	Information technology & software	40.00%	(529)	31
ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Investment company	21.63%	381	(3,157)
NILE SHOES COMPANY	Footwear seller-manufacturer	38.67%	847	21
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Holding company	27.80%	60,159	(3,136)
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Real estate, development/ tourist services	27.80%	65,731	(6,290)
TRIERIS REAL ESTATE LTD	Property management	22.94%	31,021	269

<b>Associate company</b>	<b>Activity</b>	<b>Direct and Indirect Participation as at 31st December, 2013</b>	<b>Total Equity as at 31st December, 2013 (amounts in thousand €)</b>	<b>Profit Before Tax 2013 for the year ended (amounts in thousand €)</b>
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	General and life insurance and reinsurance	30.23%	*	*
APE INVESTMENT PROPERTY S.A.	Real estate, development/ tourist services	27.20%	0	(15,000)
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Holding company	28.10%	81,669	(32,711)
TRASTOR REAL ESTATE INVESTMENT COMPANY	Real estate investment property	33.80%	*	*
EUROTERRA S.A.	Property management	39.22%	113,002	(3,900)
REBIKAT S.A.	Property management	40.00%	8,814	(9,382)
ABIES S.A.	Property management	40.00%	7,027	4,772
ACT SERVICES S.A.	Accounting and tax consulting	49.00%	470	195
EXODUS S.A.	Information technology & software	49.90%	1,848	496
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Construction & operation PV solar projects	33.15%	117	(79)
PIRAEUS - TANEO CAPITAL FUND	Close end Venture capital fund	50.01%	19,371	(753)
AIK BANKA	Banking activities	20.86%	*	*
TEIRESIAS S.A.	Inter banking company. Development, operation and management of information systems	23.53%	1,398	(1,759)
PIRAEUS JEREMIE TECH CATALYST FUND	Close end Venture capital fund	30.00%	1,287	(94)
PYRRICHOS S.A.	Property management	50.76%	(2,276)	(245)
HELLENIC SEAWAYS A.N.E.	Maritime transport – Coastal shipping	23.42%	86,287	(38,070)
EUROAK S.A. REAL ESTATE	Real Estate Investment	32.81%	5,600	186

(\*) At the date of approval of the Bank's consolidated financial statements, the listed associate companies European Reliance Gen. Insurance Co. S.A., Trastor Real Estate Investment Company and AIK Banka, have not published their annual financial statements for the year 2013. Therefore, it was not necessary to report aggregates and balances for these companies. In case that the financial statements of associate companies are approved at a later date than the date the Group's consolidated financial statements are approved, draft financial data of these associate companies is consolidated under the equity method of accounting. According to stock market prices of 31st December, 2013, the fair value of the Bank's shareholding in associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. €10.4 million, Trastor Real Estate Investment Company €18.10 million and AIK Banka €26.9 million.

### 13. Profit and Loss Account

Set out below is the summary consolidated profit and loss account of the Piraeus Bank Group for the 3 month period ending 31st March, 2014 and the years ending 31st December, 2013 and 31st December, 2012. The Group's pretax and provisions profitability reached €4,279 million in 2013 including €3,810 million negative goodwill stemming from the Acquisitions. The total impairment losses on loans and advances had a steep upward trend on a yearly basis and reached €2,218 million, of which €1,912 million came from Greece and €305 million abroad.

The full year 2013 Group pre-tax result was a profit of €1,748 million, while the net result attributable to shareholders from continuing operations was a profit of €2,532 million, and discontinued operations posted a profit of €30 million.

The key highlights of the 2013 annual results for the Piraeus Bank Group were the following:

- Group net interest income ("NII") reached €1,662 million in 2013. It should be noted that the net interest income was positively affected by decreasing funding costs, as the reopening of ECB operations, the decline in deposit spreads and reduced secured interbank funding costs improved the Group's funding. NII stemming from operations in Greece reached €1,338 million, while the respective income from international operations was €324 million.
- Operating costs amounted to €1,637 million in 2013 compared to €907 million in 2012. It should be noted that operating costs for 2013 include a one off expense related to the implementation of a Voluntary Exit Scheme programme in the amount of €126.4 million
- Gross Loans amounted to €76.1 billion at the end of December 2013; 66 per cent. of which were business loans, 24 per cent. mortgages and 10 per cent. consumer loans.
- Deposits amounted to €54.3 billion at the end of December 2013 41 per cent. of which comprised current and savings accounts (from 46 per cent. a year earlier).

In March 2014, the Group's pre tax and provisions profitability reached €194 million. The impairment losses on loans reached €481 million, of which €417 million came from Greece and €64 million from abroad.

The Group reported a pre-tax loss of €322 million.

The key highlights of the first quarter of 2014 results for the Piraeus Bank Group were the following:

- the Group's net interest income ("NII") reached €479 million in the first quarter of 2014. It should be noted that NII has continued to benefit from the ongoing decrease of interest rates for customer deposits in Greece;
- operating costs amounted to €355 million;
- gross loans amounted to €73.6 billion; 65 per cent. of which were business loans, 24 per cent. mortgages and 11 per cent. consumer loans; and
- deposits amounted to €54.6 billion, 40 per cent. of which representing current and savings accounts.

## Summary Consolidated Profit and Loss Account

	Year ended 31st December,	
	2013	2012
	Amounts in EUR million	
Interest income .....	3,566.5	2,905.2
Less: Interest expense .....	(1,904.3)	(1,877.7)
Net Interest Income .....	1,662.2	1,027.5
Plus: Net Fee and Commission income.....	286.7	217.6
Plus: Dividend income .....	15.4	7.3
Plus: Net trading income .....	83.1	189.1
Plus: Net income from financial instruments designated at fair value through profit or loss .....	9.3	3.4
Plus: Results from investment securities .....	54.3	443.0
Plus: Other operating income .....	24.2	(21.5)
Plus: Negative goodwill due to acquisitions .....	3,810.3	350.9
Total Net Income .....	5,945.5	2,217.3
Less: Staff costs .....	(884.8)	(421.8)
Less: Administrative expenses .....	(625.8)	(379.3)
Depreciation and amortisation .....	(126.8)	(105.4)
Less: (Gains)/losses from sale of assets .....	0.1	(0.8)
Total operating expenses before provisions .....	(1,637.3)	(907.3)
Profit before provisions, impairment and income tax .....	4,308.1	1,310.0
Less: Impairment losses on loans, debt securities and other receivables....	(2,363.8)	(2,057.2)
Less: Impairment on participations and investment securities .....	(67.2)	(391.1)
Less: Other provisions and impairment.....	(100.6)	(59.6)
Plus: Share of profit of associates .....	(28.8)	14.7
Profit/ (Loss) before income tax.....	1,747.7	(1,183.2)
Less: Income tax .....	768.5	662.7
Profit/ (Loss) after tax from continuing operations .....	2,516.2	(520.5)
Profit/ (Loss) after income tax from discontinued operations .....	29.9	13.0
Profit/ (Loss) after tax.....	2,546.1	(507.5)
From continuing operations		
Profit / (Loss) for the year attributable to equity holders of the parent entity.....	2,532.2	(511.6)
Non controlling interest .....	(15.9)	(9.0)
From discontinued operations		
Profit/ (Loss) for the year attributable to equity holders of the parent entity.....	29.9	12.9
Non controlling interest .....	-	-
Earnings/(Losses) per share attributable to equity holders of the parent entity (in euros):		
From continuing operations		
– Basic and Diluted .....	0.9187	(4.4510)
From discontinued operations		
– Basic and Diluted .....	0.0109	0.1129

## Summary Consolidated Profit and Loss Account

	<b>Period from 1st January, to 31st 31st March, March, 2014 2013</b>	
	<b>Amounts in EUR million</b>	
Interest income .....	876.9	763.6
Less: Interest expense .....	(397.9)	(449.1)
Net Interest Income .....	<u>479.0</u>	<u>314.5</u>
Plus: Net Fee and Commission income.....	80.0	55.0
Plus: Dividend income .....	–	0.1
Plus: Net income from financial instruments designated at fair value through profit or loss .....	(20.3)	44.8
Plus: Results from investment securities .....	5.4	6.2
Plus: Other operating income .....	9.1	11.1
Plus: Negative goodwill due to acquisitions .....	–	3,413.7
Total Net Income .....	<u>553.2</u>	<u>3,845.4</u>
Less: Staff costs .....	(189.6)	(148.6)
Less: Administrative expenses .....	(122.7)	(87.7)
Depreciation and amortisation .....	(43.4)	(27.7)
Less: (Gains)/losses from sale of assets .....	0.2	0.3
Total operating expenses before provisions .....	<u>(355.5)</u>	<u>(263.7)</u>
Profit before provisions, impairment and income tax .....	197.7	3,581.7
Less: Impairment losses on loans and other receivables .....	(514.6)	(505.1)
Less: Impairment on investment securities .....	(0.1)	(0.4)
Less: Other provisions and impairment.....	(0.7)	(0.7)
Plus: Share of profit of associates .....	(4.0)	1.8
Profit / (Loss) before income tax .....	<u>(321.7)</u>	<u>3,077.3</u>
Less: Income tax .....	75.4	537.4
Profit / (Loss) after tax from continuing operations .....	(246.3)	3,614.7
Profit/ (Loss) after income tax from discontinued operations .....	(2.0)	12.2
Profit/ (Loss) after tax for the period .....	(248.3)	3,626.9
From continuing operations		
Profit / (Loss) for the period attributable to equity holders of the parent entity.....	(246.6)	3,616.7
Non controlling interest .....	0.3	(1.9)
From discontinued operations		
Profit/ (Loss) for the period attributable to equity holders of the parent entity.....	(1.9)	12.2
Non controlling interest .....	–	–
Earnings/ (Losses) per share attributable to equity holders of the parent entity (in euros):		
From continuing operations		
– Basic and Diluted .....	(0.0472)	30.5483
From discontinued operations		
– Basic and Diluted .....	(0.0004)	0.1028

## 14. Balance Sheet

### Summary Consolidated Balance Sheet

	As at		
	31st March, 2014 <sup>(1)</sup>	31st December, 2013 <sup>(2)</sup>	2012 <sup>(2)</sup>
<b>Amounts in EUR million</b>			
<b>ASSETS</b>			
Cash and balances with Central Banks .....	3,154	2,875	3,308
Loans and advances to credit institutions .....	356	293	380
Derivative financial instruments assets .....	402	325	441
Financial instruments at fair value through profit or loss.....	268	214	370
Reverse repos with customers .....	111	7	36
Loans and advances to customers (net of provisions)	59,455	62,366	44,613
Debt securities - receivables .....	15,685	15,628	8,016
Investment securities.....	1,134	1,436	4,910
Investments in associated undertakings .....	302	305	302
Intangible assets .....	294	300	410
Property, plant and equipment.....	1,386	1,416	1,324
Investment property .....	901	903	1,079
Assets held for sale .....	34	35	16
Deferred tax assets .....	2,929	2,862	1,897
Inventories property.....	695	669	444
Other assets .....	2,016	2,018	2,485
Assets from discontinued operations .....	335	358	377
<b>TOTAL ASSETS .....</b>	<b>89,457</b>	<b>92,010</b>	<b>70,408</b>

### Summary Consolidated Balance Sheet

	As at		
	31st March, 2014 <sup>(1)</sup>	31st December, 2013 <sup>(2)</sup>	2012 <sup>(2)</sup>
<b>Amounts in EUR million</b>			
<b>LIABILITIES</b>			
Due to credit institutions .....	23,097	26,275	32,561
Liabilities at fair value through profit or loss .....	0	1	22
Derivative financial instruments - liabilities .....	403	330	424
Due to customers .....	54,609	54,279	36,971
Debt securities in issue .....	785	305	534
Hybrid capital and other borrowed funds .....	257	256	324
Retirement benefit obligations.....	163	161	183
Other provisions.....	39	40	22
Current income tax liabilities .....	43	35	13
Deferred tax liabilities .....	39	42	37
Other liabilities .....	1,149	1,186	1,036
Liabilities from discontinued operations .....	554	557	606
<b>TOTAL LIABILITIES .....</b>	<b>81,138</b>	<b>83,467</b>	<b>72,733</b>
Capital and reserves attributable to equity holders of the parent entity .....	8,200	8,424	(2,453)
Non controlling interest .....	119	119	128
<b>TOTAL EQUITY.....</b>	<b>8,319</b>	<b>8,543</b>	<b>(2,325)</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>89,457</b>	<b>92,010</b>	<b>70,408</b>

(1) The financial information has been extracted without material adjustment from the unaudited IFRS consolidated balance sheet for the three months ended 31st March, 2014.

(2) The financial information has been extracted without material adjustment from the audited IFRS consolidated balance sheet for the year end 31st December, 2013.

## 15. Summary Consolidated Cash Flow Statement

	As at	
	31st December, 2013	2012
	Amounts in EUR million	
Cash flows from operating activities from continuing operations		
Profit/ (Loss) before tax .....	1,747.7	(1,183.2)
Adjustments to profit/ (loss) before tax:		
Add: Provisions and impairment .....	2,531.6	2,522.1
Add: Depreciation and amortisation charge .....	126.8	105.4
Add: Retirement benefits .....	10.3	18.3
(Gains)/losses from valuation of trading securities and financial instruments at fair value through profit or loss .....	(38.3)	(141.2)
(Gains)/losses from investing activities .....	43.2	(1,095.5)
Negative goodwill due to the acquisitions .....	(3,810.3)	350.9
<b>Cash flows from operating profits before changes in operating   assets and liabilities .....</b>	<b>611.0</b>	<b>576.8</b>
Changes in operating assets and liabilities:		
Net (increase)/decrease in cash and balances with Central Banks .....	(63.7)	(698.8)
Net (increase)/decrease in trading securities and financial instruments at fair value through profit or loss .....	185.0	(129.9)
Net (increase)/decrease in debt securities - receivables .....	(626.8)	288.8
Net (increase)/decrease in loans and advances to credit institutions .....	39.5	17.6
Net (increase)/decrease in loans and advances to customers .....	2,812.5	(103.9)
Net (increase)/ decrease in reverse repos with customers .....	28.8	21.5
Net (increase)/decrease in other assets .....	170.2	(75.8)
Net increase/(decrease) in amounts due to credit institutions .....	(7,467.3)	104.0
Net increase/(decrease) in liabilities at fair value through profit or loss ....	(21.4)	3.5
Net increase/(decrease) in amounts due to customers.....	(543.1)	(2,101.9)
Net increase/(decrease) in other liabilities .....	43.8	146.7
<b>Net cash inflow/ (outflow) from operating activities before   income tax payment .....</b>	<b>(4,831.5)</b>	<b>(1,951.5)</b>
Income tax paid (including tax contribution) .....	(11.9)	(16.9)

	<b>As at</b>	
	<b>31st December,</b>	
	<b>2013</b>	<b>2012</b>
	<b>Amounts in</b>	
	<b>EUR million</b>	
<b>Net cash inflow/(outflow) from continuing operating activities</b> .....	<b>(4,843.4)</b>	<b>(1,968.4)</b>
Cash flows from investing activities of continuing operations		
Purchases of property, plant and equipment .....	(238.4)	(193.7)
Sales of property, plant and equipment.....	26.3	31.6
Purchases of intangible assets .....	(44.5)	(128.6)
Purchases of assets held for sale .....	(14.5)	(4.5)
Sales of assets held for sale .....	9.8	4.1
Purchases of investment securities .....	(8,404.1)	(9,914.4)
Disposals/ maturity of investment securities.....	11,932.9	11,303.8
Acquisition of subsidiaries (net of cash & cash equivalents acquired) .....	171.1	515.6
Disposals of subsidiaries (net of cash & cash equivalents disposed) .....	20.9	(84.4)
Acquisition and participation in share capital increases of associates .....	(24.5)	(1.5)
Disposal of associates .....	–	–
Dividends received.....	14.1	6.5
<b>Net cash inflow/(outflow) from continuing investing activities</b> .....	<b>3,449.1</b>	<b>1,534.5</b>
Cash flows from financing activities of continuing operations		
Net proceeds from issue/(repayment) of debt securities and other borrowed funds .....	(366.0)	(660.6)
Increase of share capital through cash payment.....	1,180.3	–
Payment of prior year dividends .....	(5.2)	(0.3)
(Purchases)/ sales of treasury shares and preemption rights .....	–	0.3
Other cash flows from financing activities .....	17.3	17.4
<b>Net cash inflow/ (outflow) from continuing financing activities</b> .....	<b>826.4</b>	<b>(643.2)</b>
Effect of exchange rate changes on cash and cash equivalents .....	(29.4)	(6.1)
<b>Net increase/ (decrease) in cash and cash equivalents of the year from continuing activities (A)</b> .....	<b>(597.3)</b>	<b>(1,083.1)</b>
Net cash flows from discontinued operating activities .....	(35.7)	(6.0)
Net cash flows from discontinued investing activities .....	36.7	17.0
Net cash flows from discontinued financing activities .....	–	–
Effect of exchange rate changes on cash and cash equivalents .....	–	0.3
<b>Net increase/(decrease) in cash and cash equivalents of the year from discontinued activities (B)</b> .....	<b>1.0</b>	<b>11.3</b>
<b>Cash and cash equivalents at beginning of year (C)</b> .....	<b>2,473.1</b>	<b>2,681.1</b>
Cash and cash equivalents at the acquisition date, of assets and liabilities of Cypriot banks' network in Greece (D) .....	11.7	–
Cash and cash equivalents at the acquisition date, of assets and liabilities of former ATEbank S.A. and its subsidiaries (E) .....	–	863.7
<b>Cash and cash equivalents at the end of the year (A) + (B) + (C) + (D) + (E)</b> .....	<b>1,888.5</b>	<b>2,473.1</b>

	<b>As at</b>	
	<b>31st March,</b>	
	<b>2014</b>	<b>2013</b>
	<b>Amounts in</b>	
	<b>EUR million</b>	
Cash flows from operating activities from continuing operations		
Profit/ (Loss) before tax .....	(321.7)	3,077.3
Adjustments to profit/ (loss) before tax:		
Add: Provisions and impairment .....	515.5	506.3
Add: Depreciation and amortisation charge .....	43.4	27.6
Add: Retirement benefits .....	3.2	3.9
(Gains)/losses from valuation of financial instruments at fair value		
through profit or loss .....	14.9	(7.6)
(Gains)/losses from investing activities .....	(2.0)	(11.0)
Deduct: Negative goodwill due to the acquisitions .....	–	(3,413.7)
<b>Cash flows from operating activities before changes in</b>		
<b>operating assets and liabilities</b> .....	<b>253.3</b>	<b>182.8</b>
Changes in operating assets and liabilities:		
Net (increase)/decrease in cash and balances with Central Banks .....	7.4	41.5
Net (increase)/decrease in financial instruments at fair value		
through profit or loss .....	(68.5)	87.2
Net (increase)/decrease in debt securities - receivables .....	(86.0)	(779.8)
Net (increase)/decrease in loans and advances to credit institutions .....	0.4	(4.8)
Net (increase)/decrease in loans and advances to customers .....	2,433.8	1,945.4
Net (increase)/ decrease in reverse repos with customers .....	(104.1)	(0.5)
Net (increase)/decrease in other assets .....	(17.8)	448.8
Net increase/ (decrease) in amounts due to credit institutions .....	(3,177.9)	(4,456.0)
Net increase/ (decrease) in liabilities at fair value through profit or loss ....	(0.5)	(21.4)
Net increase/ (decrease) in amounts due to customers .....	330.0	1,399.7
Net increase/ (decrease) in other liabilities .....	(44.4)	(38.1)
<b>Net cash flow from operating activities before income tax payment</b>	<b>(474.3)</b>	<b>(1,195.2)</b>
Income tax paid .....	(0.7)	(0.9)

	<b>As at</b>	
	<b>31st March,</b>	
	<b>2014</b>	<b>2013</b>
	<b>Amounts in</b>	
	<b>EUR million</b>	
<b>Net cash inflow/ (outflow) from continuing operating activities</b> .....	<b>(474.9)</b>	<b>(1,196.1)</b>
Cash flows from investing activities of continuing operations		
Purchases of property, plant and equipment .....	(37.5)	(40.9)
Sales of property, plant and equipment.....	21.9	5.6
Purchases of intangible assets .....	(4.2)	(4.6)
Purchases of assets held for sale .....	(0.3)	(3.3)
Sales of assets held for sale .....	0.9	0.5
Purchases of investment securities .....	(1,868.4)	(1,576.1)
Disposals/ maturity of investment securities.....	2,208.9	2,953.2
Sales of subsidiaries excluding cash and balances sold .....	–	0.9
Acquisition and participation in share capital increases of associates .....	(0.5)	(0.2)
Dividends received .....	–	0.1
<b>Net cash inflow/ (outflow) from continuing investing activities</b> .....	<b>320.8</b>	<b>1,335.2</b>
Cash flows from financing activities of continuing operations		
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds .....	470.5	(37.3)
Prior year dividends paid .....	(1.9)	–
Purchases/ sales of treasury shares and preemption rights .....	–	–
Other cash flows from financing activities .....	5.4	4.2
<b>Net cash inflow/ (outflow) from continuing financing activities</b> .....	<b>474.0</b>	<b>(33.1)</b>
Effect of exchange rate changes on cash and cash equivalents .....	24.7	(13.2)
<b>Net increase/ (decrease) in cash and cash equivalents of the period from continuing activities (A)</b> .....	<b>344.7</b>	<b>92.8</b>
Net cash flows from discontinued operating activities .....	(22.3)	(25.7)
Net cash flows from discontinued investing activities .....	23.0	25.8
Net cash flows from discontinued financing activities .....	–	–
Effect of exchange rate changes on cash and cash equivalents .....	–	–
<b>Net increase/ (decrease) in cash and cash equivalents of the period from discontinued activities (B)</b> .....	<b>0.7</b>	<b>0.2</b>
<b>Cash and cash equivalents at beginning of the period (C)</b> .....	<b>1,888.5</b>	<b>2,473.1</b>
<b>Cash and cash equivalents at the acquisition date, of assets and liabilities of Cypriot banks' network in Greece (D)</b> .....	<b>–</b>	<b>11.7</b>
<b>Cash and cash equivalents at the end of the period (A) + (B) + (C) + (D)</b> .....	<b>2,233.8</b>	<b>2,577.7</b>

## 16. Greek Liquidity Support Scheme

Piraeus Bank participates in the Greek government Scheme for the liquidity support of the Greek economy as contemplated in Law 3723/2008, as in force. The types of support the Bank has access to, through the three Pillars provided in the aforementioned law, are as follows:

### *First Pillar – Preference Shares*

On 14th May, 2009, an agreement was signed between Piraeus Bank and the Greek State, whereby the latter acquired 77,568,134 preferred non-voting shares, issued by the Bank and having a nominal value of €4.77 each for €370 million, within the framework Law 3723/2008. In addition, on 23rd December, 2011, the shareholders' meeting resolved upon the Bank's share capital increase and the cancellation of the pre-emption rights of the existing shareholders in favour of the Greek State, by contribution in kind, in accordance with the provisions of the same Law 3723/2008. The share capital increase by €379,999,999.80 was concluded on 30th December, 2011 with the issuance of 1,266,666,666 new preferred shares, that have been undertaken by the Greek State, having a nominal value of €0.30 each. In accordance with the current regulatory framework, the issued shares have been classified as Core Tier I capital. On 21st May, 2014 the Bank proceeded to fully redeem to the Hellenic Republic the total amount of preference shares (Pillar I of Law 3723/2008) in the amount of €750 million, issued to the latter by the Bank.

### *Second Pillar – Bonds guaranteed by the Hellenic Republic*

Within the scope of article 2 of Law 3723/2008, Piraeus Bank has issued bonds guaranteed by the Hellenic Republic amounting in total €9,899,000,000 as of 31st March, 2014, and reduced to €5,322,100,000 as of 30th June, 2014, which have been retained by the Bank itself. These bonds constitute eligible collateral for the ECB's and/or the BoG's refinancing operations.

### *Third Pillar – Lending of Special (Greek Government Bonds ("Special Bonds"))*

Pursuant to article 3 of Law 3723/2008 the amount of €1,024,000,000.00 of Special Bonds was lent to the Bank by the Hellenic Republic, so that the Bank had access to the refinancing actions of ECB. The above amount includes the amount of €424,000,000 originally lent to the Bank and an amount of €600,000,000 that was transferred to the Bank as part of the ATEbank Acquisition. The bonds matured according to their original terms in April 2013. New Special Bonds in the amount of €1,024,000,000 were subsequently lent to the Bank with an expected maturity in April 2016. In June 2014, the Hellenic Republic lent a further amount of €1,214,000,000 of the new Special Bonds with the same terms and conditions and an expected maturity in April 2016.

The liquidity obtained through the above Pillars 2 and 3 must be used for the funding of mortgage loans and loans to SMEs and for the funding of enterprises of vital importance for the development of the country, respectively.

## 17. Recent Developments (after the announcement of the first quarter 2014 results)

- On 2nd July, 2014, following the settlement of the warrants exercise orders, 4,951,260 warrants in total on existing ordinary shares issued by the Bank and owned by the HFSF have been exercised. The exercised warrants correspond to 22,160,707 existing ordinary shares of the Bank, or 0.4 per cent. of the total shares outstanding, increasing commensurately the Bank's free float. The total consideration paid by the warrant holders to the HFSF amounts to €39 million. Consequently, the issued warrants currently outstanding amount to 844 million and correspond to 4,084,179,332 existing ordinary shares of the Bank owned by the HFSF,
- On 14th May, 2014, Standard and Poor's Credit Market Services Italy, S.r.l. upgraded the Long Term rating of Piraeus Bank to "CCC+"; up one notch from "CCC" and affirmed the Short Term rating at "C" with outlook stable.

- On 13th May, 2014, Fitch Ratings España S.A.U. affirmed Long Term Issuer Default Ratings of Piraeus Bank at “B-” with Stable Outlook. The agency has also upgraded the senior debt ratings of Piraeus Bank and Piraeus Group Finance Plc to “B-” from “CCC”.
- On 30th April, 2014, Piraeus Bank, announced that the HFSF as of 30th April, 2014 owns 4,106,340,039 of its existing ordinary shares, representing 67.30 per cent. of Piraeus Bank’s total share capital.
- On 29th April, 2014, Piraeus Bank announces that after the completion of its capital increase the share capital of the Bank amounts today to €2,580,593,913.48 divided to 6,101,979,715 ordinary shares of a par value of €0.30 each and 77,568,134 preferred non-voting shares of a par value of €4.77 each and 1,266,666,666 preferred non-voting shares of a par value of €0.30 each.
- On 10th April, 2014, the Bank announced that following the completion of the International Offering and the subsequent Public Offering in Greece on 9th April, 2014, all new ordinary shares of the share capital increase of the Bank offered, would be issued, namely 1,029,411,764 new ordinary registered voting shares with a nominal value of €0.30 each. From the above new shares: i) 102,941,176 new shares (namely 10 per cent. of the Bank’s current share capital increase) were allocated to the investors in Greece; and ii) 926,470,588 new shares (namely 90 per cent. of the Bank’s current share capital increase) were allocated to the investors through the International Offering.
- On 28th March, 2014, the Extraordinary General Meetings of both ordinary and preference shareholders of Piraeus Bank decided upon a share capital increase by contribution in cash via a non-pre-emptive issue of ordinary shares with a view to raising up to €1.75 billion, issuing up to 1,029,411,764 new ordinary shares at a subscription price of €1.70 per share.

## THE BANKING SECTOR AND THE ECONOMIC CRISIS IN GREECE

### The Structure of the Banking Sector in Greece and Recent Developments

The banking sector in Greece has expanded rapidly in the decade from 2000-2010 due to deregulation, Greece's entry into the Eurozone and technological advances. The growth of the sector was the result of both organic expansion and mergers and acquisitions primarily in the wider region of SEE, where Greek banks operate. Nevertheless, as a result of the international financial crisis beginning in 2008, and the emergence of the fiscal crisis in Greece in the last quarter of 2009, the Greek banking system has undergone particularly challenging conditions. As a result of the deteriorating fiscal condition in Greece, international credit rating agencies downgraded the credit ratings of the Hellenic Republic, adversely affecting the credit ratings of Greek banks.

The liquidity of Greek banks has been materially and adversely affected by:

- successive downgrades of the credit ratings of the Hellenic Republic;
- the restructuring of the public debt through participation of the private sector;
- uncertainty during 2012 regarding Greece's continued participation in the Eurozone, which was reduced significantly following the formation of a government in June 2012;
- the deterioration of the quality of the loan portfolios of Greek banks; and
- the banks' lack of access to international capital markets.

These factors have exercised significant pressure on Greek banks, affecting their liquidity and capital base and posing a threat to the stability of the Greek banking system.

The Bank of Greece and the Greek government have adopted a series of actions to protect the financial stability and safety of customer deposits, including: covering the short term liquidity needs of banks by providing the possibility of recourse to the ELA mechanism; ensuring the adequacy of public resources available to cover the required recapitalisation and the cost of restructuring the Greek banking sector between the years 2012 and 2014 (the "Financial Envelope") estimated to be €50 billion; the rehabilitation of weak banks; and a requirement that all Greek banks increase their capital base to a conservatively estimated adequate level. During this process, the European Commission, the ECB and the IMF offered guidance and assistance ensuring the consistency of the implementation with the purposes of the First Economic Adjustment Programme.

In March 2012, the Bank of Greece prepared a strategic review of the banking sector. The review evaluated the sustainability prospects of banks by applying a wide set of supervisory and operational criteria and using financial and supervisory data, as well as data from the BlackRock Diagnostic Assessment I of the Greek banking sector commissioned by the Bank of Greece. The results of the review concluded that Greece had four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank) which were deemed fit to receive public support. The Bank of Greece in May 2012 estimated the aggregate capital required to support all Greek banks so as to meet the minimum required levels of Core Tier I capital from 2012 to 2014 was € 40.5 billion, out of which €27.5 billion was estimated to be required for the four systemic banks. 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. On 6th March, 2014, the Bank of Greece published the capital requirements for each of the Greek banks. The key drivers of the capital requirement are the expected lifetime loan loss provisions, based on an asset quality review conducted by BlackRock and a number of assumptions selected by the Bank of Greece regarding future capital generation. The Bank's capital requirement have been assessed at €425 million on the baseline

scenario and at €757 million in the adverse scenario contemplated by the relevant assessment, while the total capital requirements for the Greek banking sector as a whole were assessed at €6.4 billion on the baseline scenario and €9.4 billion on the adverse scenario.

The Recapitalisation Plan for the systemic banks was established by Law 3864/2010 and Cabinet Act No. 15, dated 3rd May, 2012, and Cabinet Act No. 38, dated 9th November, 2012.

Pursuant to the terms of the third phase of the Recapitalisation Plan, the systemic banks were to raise a minimum of 10 per cent. of the required capital increase amount from private sector investors, with the HFSF providing the balance. The Bank completed the recapitalisation exercise on 3rd July, 2013 raising €8,429 million and achieving private sector participation significantly above the threshold of 10 per cent. required under the recapitalisation framework in the context of the 2013 share capital increase. The HFSF participation in the Bank, after the 2013 share capital increase, amounted to 81 per cent.

From the other three Greek systemic banks, only Eurobank Ergasias S.A. did not raise a minimum of 10 per cent. of the required capital increase amount from private sector investors and as a consequence the HFSF has unrestricted shareholder voting rights in Eurobank Ergasias S.A.

With respect to non-systemic banks, a memorandum prepared by the European Commission, the ECB and IMF in December 2012 proposed that such banks would be recapitalised through private funds or merge with other banks by the end of April 2013. Otherwise, the Bank of Greece would take the necessary actions to achieve resolution of the non-systemic banks, by no later than the end of June 2013, in a manner ensuring financial stability and the interests of depositors. Bank of Attica S.A. was recapitalised through private funds amounting to €396 million.

The recapitalisation of the Greek banks, together with the restructuring of the banking sector, is intended over time to restore market and depositor confidence.

### **Commercial Banks**

According to the Bank of Greece, there were 40 credit institutions in the Greek banking market (21 Greek banks and 19 branches of foreign banks) as of March 2014, compared to 58 at the end of 2011.

Today, all but one of the banks in the Greek banking market are commercial banks. There is only one specialised credit institution, the Consignment Deposits and Loans Fund.

### **Consolidation**

Since the onset of the crisis in Greece, Greek banks have undergone a phase of significant consolidation. Several banks, including Proton, T Bank, TT Hellenic Postbank and the Agricultural Bank of Greece S.A. ("ATEbank"), First Business Bank S.A. and Probank were placed in liquidation, with selected assets and liabilities being transferred to other credit institutions.

In 2012, Alpha Bank S.A. acquired Emporiki Bank S.A., and the Bank acquired Société Générale's Greek subsidiary, Geniki Bank S.A., and selected assets and liabilities of ATEbank.

On 26th March, 2013, the Bank signed an agreement to acquire all deposits, loans and branches in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the loans and deposits of their subsidiaries in Greece for a total price of €524 million.

On 30th April, 2013, an extraordinary general meeting of Eurobank Ergasias S.A. resolved to waive the pre-emption rights of its existing shareholders, allowing the HFSF to subscribe for the entirety of Eurobank Ergasias S.A.'s share capital increase, resulting in the effective nationalisation of the bank.

On 10th May, 2013, the Bank of Greece revoked the licence of First Business Bank S.A., which is currently under liquidation and, on the same day, National Bank of Greece S.A. acquired its viable

assets and liabilities. Pursuant to the decisions of the Bank of Greece and Law 3601/2007, the HFSF funded the difference between the value of the assets and liabilities. The same process was followed for the revocation of the licence and transfer of assets of Probank to National Bank of Greece S.A., announced on 26th July, 2013.

On 19th June, 2013 the Bank acquired 100 per cent. of MBG, which was absorbed on 9 December 2013.

On 22nd November, 2013 and 27th December, 2013 Eurobank Ergasias S.A. announced the completion of the merger by absorption of the New Proton Bank and New TT Hellenic Postbank, respectively.

### ***Competition in the Greek Banking Market***

Greece's entry into the Eurozone in 2001 redefined the strategic goals and the activities of domestic financial institutions, with rapid technological developments and the integration of the financial and capital markets resulting from a significant number of mergers and acquisitions in the banking sector during the period from 2006 to 2008. The economic crisis in Greece since 2009 has posed significant new challenges for the industry. Notwithstanding the economic crisis, Greek banks have continued to expand their activities and the largest Greek banks have continued to maintain and/or expand market shares.

The four largest commercial banks measured by deposits are the National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank. The deposit market share of the four major Greek banks as at 30th December, 2013 is the following:

- Piraeus Bank: 29 per cent. (including the Acquired Businesses);
- National Bank of Greece S.A.: 25 per cent.;
- Alpha Bank S.A.: 21 per cent.; and
- Eurobank Ergasias S.A.: 18 per cent.

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(Source: Bank of Greece and publicly available information for each bank.)

As a result of the restructuring measures outlined above, the Greek banking sector is composed of a smaller number of large, well capitalised systemic banks, compared to the beginning of the financial crisis, with a number of smaller banks which, together with the systemic banks, will ensure stability and competitiveness in the market.

During the year 2013, in an environment of extended recession for the Greek economy, limited liquidity and negative sentiment in the market, loans by Greek banks fell by 5 per cent., whilst domestic customer deposits by Eurozone residents slightly increased by 2 per cent. after a three year period of significant decrease. Interest margins for new operations (average monthly interest rates of new loans minus the corresponding interest rates of new deposits) for Greek banks increased to 3.3 per cent. at December 2013 from 2.9 per cent. in December 2012. This change is due to the decrease in the average interest rate on new loans of 60 basis points, to approximately 5.1 per cent. In 2013 the interest rate on new loans to households decreased significantly to 2.8 per cent. from 4.7 per cent. in 2012 (source: Bank of Greece).

### ***Foreign Banks***

According to the Bank of Greece, as at March 2014 there were 19 foreign banks or branches of foreign banks operating in the Greek banking market. The foreign banks with the largest operations in Greece are Citibank and HSBC Bank plc.

## **BlackRock**

In August 2011, the Bank of Greece mandated BlackRock, a U.S. based investment, advisory and risk management company, to conduct an independent diagnostic assessment of the domestic loan portfolio of the largest Greek banks, including the Bank. This was in accordance with the commitment undertaken by the Bank of Greece under the Second Economic Adjustment Programme in the context of ensuring that Greek banks were adequately capitalised. The BlackRock Diagnostic Assessment I was conducted on balances as at 30th June, 2011 and utilised assumptions and estimates based on information available during the fourth quarter of 2011. The study, which was completed at the end of 2012, made an assessment of the losses that would occur either in a three year period or during the receivables' portfolio life under two scenarios, one basic and one extreme, and the assessment was communicated individually to each bank in order to be incorporated into their capital needs' estimation during 2012.

In December 2012, the Bank of Greece circulated the BlackRock Diagnostic Assessment I, together with the detailed findings for each bank. The study highlighted that the expected losses of the Bank's loan portfolio, under the basic scenario, would amount to €3.0 billion in a three year period and to €3.5 billion during the portfolio life.

The study also highlighted the expected losses of the loan portfolio under the adverse scenario, estimating that such losses would amount, in a three year period to €4.0 billion, and during the portfolio life to €4.8 billion.

The Bank of Greece conducted a follow up stress test for the Greek banks, as envisaged in the Second Economic Adjustment Programme and on 6th March, 2014 it published the capital requirements for each of the Greek banks. In this process, guidance was provided by the Advisory Committee, a supervising body consisting of representatives of the Bank of Greece, EBA, the European Commission, ECB, and IMF. In the performance of its tasks, the Bank of Greece was assisted by BlackRock and Rothschild. The key drivers of the capital requirements were credit loss projections on total loans granted in Greece and abroad and estimated operating profitability (pre provision income) of the banks, based on a conservative adjustment of restructuring plans submitted by the Greek banks to the Bank of Greece. The Bank of Greece adopted a rigorous approach, in order to ensure that the results would be sufficiently conservative, using the results of the independent diagnostic study conducted by BlackRock on Greek banks' loan portfolios. The capital needs of all Greek banks were estimated on the basis of the baseline scenario at €6.4 billion and on the basis of the adverse scenario at € 9.4 billion. The Bank's capital requirements have been assessed at € 425 million on the basis of the baseline scenario and at €757 million on the basis of the adverse scenario. In the baseline scenario, estimated gross credit loss projections for the Bank amount to € 11.0 billion for the period from June 2013 to December 2016 and € 15.7 billion on a loan lifetime "when realised" basis. In the adverse scenario, credit loss projections were estimated at €12.9 billion and €19.6 billion, respectively. In the baseline scenario, credit loss projections for Greek risk were estimated to be €16.1 billion (using a rigorous approach with increased risk parameters for the relevant time frame) and for foreign risk to be €2.3 billion.

The Bank of Greece formally requested the banks to submit their capital plans by mid-April 2014 to address the needs resulting from the Basic Scenario. Following this request, the four major Greek banks proceeded to implement a series of measures to the direction of meeting the estimated capital needs including four major share capital increases that amounted to € 8.6 billion. The Bank implemented a share capital increase of 1,750 million in April 2014 well above the amount specified by the diagnostic exercise both in the base and the adverse scenarios.

As at 31st December, 2013, the Group had formed accumulated impairment provisions, in the amount of €13.7 million in respect of the loan portfolio assessed by BlackRock in the context of BlackRock Diagnostic Assessment I. The recognition of accumulated provisions in the financial statements is based on the accounting rules of IAS 39 (incurred loss model) which are not related to the methodology used in the BlackRock Diagnostic Assessment I.

## **Economic Adjustment Programmes, the PSI and the Buy-Back Programme**

The aggravated financial condition of Greece since the end of 2009 has limited, to a significant extent, Greek banks' access to the international capital markets. In early May 2010, the Greek government agreed to the first economic adjustment programme jointly supported by the IMF, the European Union and the ECB (the "First Economic Adjustment Programme"), which would provide significant financial support of €110 billion in the form of a cooperative package of IMF and EU funding. The First Economic Adjustment Programme was established pursuant to two memoranda, each dated 3rd May, 2010, which set out a series of fiscal measures and structural reforms, including the creation of the HFSF.

On 21st February, 2012, following consultations at an international level, the IMF, the EU and the ECB agreed the Second Economic Adjustment Programme. The Second Economic Adjustment Programme's main objective was to ensure the sustainability of Greek government debt and to restore competitiveness to the Greek economy. Pursuant to the Second Economic Adjustment Programme, Greece was to set fiscal consolidation targets so as to return to a primary surplus by 2013, to fully carry out the privatisation plan and to proceed to implement structural reforms in the labour, goods and services markets. In addition, the principles for PSI in the restructuring of the Hellenic Republic's sovereign debt were agreed, as well as the 53.5 per cent. reduction in the nominal value of Greek government bonds. As a result of the PSI, which began on 24th February, 2012 and was completed on 25th 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).

Apart from the PSI principles, in order to ensure the sustainability of Greek government debt, it was also decided on 21st February, 2012 that: (i) the interest rate margin on the loan that Greece had been granted by the Eurozone countries would be retroactively decreased to 150 basis points; (ii) the ECB's income from acquiring and holding Greek bonds would be allocated to central banks and through them to the Member States, which would in turn direct such amounts to Greece's debt relief; and (iii) central banks holding Greek bonds in their investment portfolio would cede the income arising from these bonds to Greece until 2020.

According to a 2012 report by the European Commission, the Eurozone's contribution to cover the financing needs of Greece (including, *inter alia*, the PSI and the recapitalisation of banks) for the 2012-2014 period was estimated to be €144.7 billion, whilst the IMF's contribution for this period was estimated to be €19.8 billion. In particular, the IMF announced that the first aid package to Greece, under a Stand By Arrangement, would be cancelled, while approving a four year loan for an amount of €28.0 billion (the last tranche of which is expected to be disbursed on 29th February, 2016) through the IMF's extended fund facility ("EFF") arrangement. The EFF arrangement provides for a longer repayment period than the Stand By Arrangement. It was also determined that the tranches of the new loan would be equally allocated, and the immediate disbursement of an amount of approximately €1.65 billion was approved. At the same time, in March 2012, the EFSF received approval to release to Greece an amount of €39.4 billion in tranches. According to the reports by the European Commission and the IMF at that time, it was estimated that the recession in the Greek economy would persist in 2012 (GDP decrease of approximately 4.7 per cent.), the growth rate would be zero in 2013, and growth would begin again in 2014. From a fiscal point of view, the target was to achieve a primary surplus by 2013 that would reach 4.5 per cent. of GDP in 2014, whilst the general government gross debt would, in line with the baseline scenario, by 2020 be approximately 116 per cent. of GDP. Based on the Second Economic Adjustment Programme, it was estimated that additional measures would be necessary, apart from those which had already been approved in the medium term fiscal strategy in 2011 and in the 2012 budget. In particular, the bulk of the adjustment would be achieved by spending cuts, while the main reforms, including those determined in the medium term fiscal strategy and in the 2012 budget, included, *inter alia*, streamlining and better targeting social expenses, restructuring government, structural tax reform and reforms in tax administration and collection. In addition, fiscal institutional reforms, policies for the financial sector, a privatisation plan and structural

reforms were also determined. In this context, a primary goal of the Second Economic Adjustment Programme is the solidification and recapitalisation of the Greek banking system as well as the resolution of non-viable banks.

However, by mid 2012, the political uncertainty created in Greece after two elections, the delays in implementing the programme, as well as a stronger than expected recession in the Greek economy, led to a review of the terms of the Second Economic Adjustment Programme, as the sustainability of Greek government debt was put into question. On 27th November, 2012, following consultations on national and international levels, basic points and actions were determined, with the aim of achieving the sustainability of Greek government debt at 175 per cent. of GDP in 2016, 124 per cent. in 2020 and below 110 per cent. in 2022. At the same time, an agreement was reached to extend the programme and delay the targeted primary surplus of 4.5 per cent. of GDP from 2014 to 2016. Among other things, it was agreed that the interest rate on bilateral state loans would be reduced, that the time frame to pay back the tranches of bilateral state loans and loans by EFSF would be extended, that payment of interest on EFSF loans would be deferred and that Member States would return to Greece any profits made on the Greek bonds they held. However, these actions are subject to restrictions, such as the strict implementation of the programme by Greece. At the same time, on 3rd December, 2012, the Public Debt Management Agency announced the terms for the Buy-Back Programme. The Greek government organised an auction for buying back Greek government bonds. On 11th December, 2012, the process was completed and total offers amounted to a nominal value of approximately €31.9 billion, while the weighted average price was approximately 33.8 per cent. of the nominal value. For the buy back of the bonds offered, six month EFSF notes were issued for a nominal value of €11.29 billion (including accrued interest).

As a result of the above actions, by the end of December 2012 and the beginning of January 2013, the European Commission and the IMF completed the review of the Second Economic Adjustment Programme and approved disbursement of the next tranches. Following continued negotiations, the Greek government and representatives of the Troika reached an agreement on the policies that could constitute the basis for completing the review of the Second Economic Adjustment Programme. Approval of such agreement was announced by the Eurogroup on 1st April, 2014, while approval by the board of directors of the IMF is still pending. The Troika stated in a 19th March, 2014 press release that, *inter alia*, the Greek economy is beginning to stabilise and expected to gradually recover. The Troika acknowledged, however, that although Greece achieved a higher than expected primary surplus in 2013, only a small part of such surplus will carry over into 2014.

As mentioned above, a detailed report regarding the capital needs of each bank, the process of recapitalisation and the methodology to be followed was issued by the Bank of Greece in March 2014. The bank recapitalisation framework and any resulting obligations of the credit institutions are outlined in the aforementioned report, as well as in the IMF's reports of January 2013 and July 2013.

### ***Financing of the Greek Economy by the Economic Adjustment Programmes***

From May 2010, when the First Economic Adjustment Programme was concluded, until December 2013, the Eurozone and the IMF disbursed approximately €215 billion to Greece (bilateral state loans from Eurozone countries and EFSF: €186.4 billion; IMF: €28.5 billion). Implementation of the Second Economic Adjustment Programme is expected to result in additional disbursements of approximately €11.2 billion by the EFSF by 2014 and approximately €19.66 billion by the IMF by February 2016.

### ***Review Reports by the European Commission and the IMF Regarding the Implementation of the Second Economic Adjustment Programme***

According to reports prepared by the European Commission and the IMF in December 2012, January 2013 and July 2013, the recession rate in Greece in 2013 was expected to decrease to 4.2 per cent. of GDP, compared to a decrease of approximately 6.4 per cent. in 2012. In its report, the European Commission estimated that the recession in 2012 and 2013 is linked to all basic parameters of domestic demand, given that the cuts in wages, the rise in unemployment and the restriction of social benefits have all affected disposable income. However, the European Commission estimated that in the medium term, investments and exports will be the driving force of economic activity, while indications of recovery on a quarterly basis were expected beginning in the second half of 2013.

The IMF report acknowledged the progress made in structural reforms, through actions to reduce indirect labour costs, and reforms in the market for goods and confirmed the extension of the primary surplus target by two years (to 2016), rescheduled the disbursement of the tranches (the next tranches were set at approximately €1.8 billion each) and adjusted privatisation targets down, among other things. The report draws attention to the achievement of the financial targets of 2013-2014, through the cooperation of Greek and European authorities and estimates, a fiscal gap of €4.4 billion. The European Commission's estimate was of €3.8 billion.

According to the third review of the Second Economic Adjustment Programme, Greece continues to make progress, public finances are steadily improving and important structural reforms are being implemented, albeit progress is slow in some areas. The macroeconomic assessment is broadly unchanged from the previous review with moderate price declines of 0.8 per cent. and 0.4 per cent. in 2013 and 2014, respectively, whereas the final figure for 2013 stood at -0.9 per cent. Overall, a GDP contraction of 4.2 per cent. was expected in 2013, while according to the realised figures from the Hellenic Statistical Authority real GDP in 2013 contracted by 3.9 per cent. but investment and exports were expected to generate a projected annual GDP growth of 0.6 per cent. in 2014. The annual unemployment rate was projected to peak at 27 per cent. in 2013 and then decline to 26 per cent. and 21 per cent. in 2014 and 2016, respectively. According to the latest available data mentioned above, the annual unemployment rate stood at 27.3 per cent. in 2013.

### ***Corrective actions in the event of deviations from the Second Economic Adjustment Programme***

Fiscal adjustment has been extended in time so as to reduce the impact of recession. The revised target provided at the time for a primary deficit of 1.5 per cent. of GDP in 2012, and steady improvement by 1.5 per cent. of GDP annually up to 2016. However, in line with the Second Economic Adjustment Programme, the fiscal adjustment rate will be accelerated to the extent that revenues from privatisations deviate from the target and there is low funding (by half the deviation from the budgeted privatisation income and up to the amount of €1 billion plus additional adjustment per year).

A strategy has also been developed to achieve a primary surplus of 4.5 per cent. of GDP by 2016. The Greek government expects that income will increase when the economy enters the recovery phase, whilst benefits are also expected from the stronger and more efficient administration of revenue collection procedures. Furthermore, government efficiency is expected to improve through a series of additional reforms to government expenditure. To the extent that the fiscal deficit persists, there exist strategies which could be adopted to resolve it, including improving tax collection and broadening the tax base by further reducing exemptions and tax deductions, extending measures that are due to expire and applying targeted current spending cuts. The Greek government will evaluate its fiscal targets for 2014 and will agree with the European Union, the ECB and the IMF any additional measures required to limit the funding gap in the context of the second revision of the Second Economic Adjustment Programme.

## ***The Hellenic Financial Stability Fund (HFSF)***

### *Summary*

The First Economic Adjustment Programme required the establishment of the HFSF, funded by the Greek government out of the resources made available by the IMF and the EU to ensure adequate capitalisation of the banking system. If supervisory assessments conclude that a bank's capital buffer might fall below adequate levels to be determined, the shareholders will be invited to immediately bring additional capital or take bridging capital support from the HFSF. In its initial form, the capital support programme would provide equity to banks in the form of preference shares that could convert to ordinary shares. Should the financial targets set out under the restructuring plan devised by the HFSF and the Bank of Greece not be complied with, the HFSF would have the power to convert the preference shares into ordinary shares. The aforementioned capital support programme was subsequently amended in 2011 and 2012 to provide recapitalisation through the issue by Greek banks of ordinary shares, contingent convertible securities or other convertible instruments to be subscribed by the HFSF in the way described below. Law 4254/2014, which was enacted on 8th April, 2014, brought about significant amendments to the regulatory framework of the HFSF. The HFSF will manage its participations in the banks with a view to selling all of its holdings in a limited time frame and to maximise sale proceeds, and will make use of its shareholder rights to steer the board of the credit institution in a direction which would maximise its market value.

The HFSF has an initial duration of seven years, until 30th June, 2017, with the possibility of (i) a one year extension in case there are still outstanding warrants at 30th June, 2017; and (ii) a two year extension following a decision by the Minister of Finance, if it is necessary for the achievement of the HFSF's objectives. Any shares remaining in the HFSF at the time it ceases its activities will be transferred to the Hellenic Republic. The amount of funds earmarked for the HFSF out of IMF and EU resources is currently €50 billion.

Following the amendment of Law 3864/2010 by the law set out above, the administrative structure of the HFSF was amended to the effect that there are two HFSF administrative bodies with decision-making powers, namely the nine member General Council, of which one member is a representative of the Bank of Greece and one is a representative of the Ministry of Finance, and the three member Executive Committee, of which one member is appointed by the Bank of Greece. One appointee of the ECB and one appointee of the EC each has the right to participate in the meetings of the General Council and the Executive Committee as an observer. Except from the appointee of the Ministry of Finance and the appointee of the Bank of Greece, the appointment of the other members sitting on the General Council and the Executive Committee requires the consent of the Euro Working Group. The Governor, the Deputy Governor, the members of the collective bodies, the directors as well as any individuals belonging to the personnel of the Bank of Greece may not become members of the Executive Committee. Until the appointment of the two additional members of the General Council as provided for under the new amendment of Law 3864/2010, the HFSF will be managed by the existing seven member General Council and during this period, four members will constitute a quorum in the meetings of the General Council.

The HFSF was established by Law 3864/2010 as a private law entity, having as a purpose to maintain the stability of the Greek banking system for the sake of the public interest. The HFSF operates in compliance with the commitments of the Hellenic Republic provided for in Law 4046/2012. In pursuing its objective, the HFSF: (i) provides capital support to credit institutions and to transitional credit institutions established under article 142 of Law 4261/2014; (ii) monitors and assesses whether credit institutions to which the HFSF provides capital support comply with their restructuring plans, while safeguarding the credit institutions' business autonomy; (iii) exercises its shareholding rights derived from its participation in the credit institutions; (iv) disposes of, in whole or in part, financial instruments issued by the credit institutions in which it participates; and (v)

exercises its rights with respect to the transitional credit institutions established under article 142 of Law 4261/2014 according to the provisions of such law.

The members of the General Council and the Executive Committee, except for the representative of the Ministry of Finance, shall, in the performance of their duties, enjoy full autonomy and shall not seek or receive instructions from the Greek state or any other state body or institution, or financial institution supervised by the Bank of Greece, and shall not be subject to influence of any nature. Every two months, the General Council shall submit activities reports to the Minister of Finance. With a view to obtaining capital support, the credit institution must submit for approval to the European Commission through the Ministry of Finance, a restructuring plan containing all the measures that the credit institution undertakes to implement in order to cover the capital shortfall identified by the Bank of Greece. For credit institutions that have already received capital support from the HFSF, an amended restructuring plan shall be submitted. The restructuring plan or amended restructuring plan shall also describe by what means the credit institution will remain viable for the next three to five years under prudent assumptions. The HFSF oversees and evaluates the adequate implementation of the restructuring plan, or the amended restructuring plan, as applicable.

In the context of the share capital increases, the systemic banks were expected to raise a minimum of 10 per cent. of the capital increase amount from private sector investors, with the HFSF providing the balance. As set forth in Law 3864/2010 (before its recent amendment), if a minimum of 10 per cent. of the share capital increase of a systemic bank was subscribed for by the private sector by the time the HFSF acquired shares, then the exercise of the HFSF's voting rights in respect of their remaining capital contribution would be restricted to the exercise of voting rights solely on resolutions amending the bank's articles of association, including share capital increases or decreases, granting a relevant authorisation to the Board of Directors, mergers, divisions, conversions, revivals, extensions of the term or dissolution of the company and transfers of assets, including sales of subsidiaries or any other matter requiring an increased majority, in accordance with Law 2190/1920. To the extent that private sector participation was below 10 per cent., the HFSF would have unrestricted shareholder voting rights in respect of its shareholdings in the relevant systemic bank.

Following the completion of the 2013 share capital increase by the Bank in June 2013, where the 10 per cent. threshold was met, the HFSF issued 849,195,130 warrants, for certain of the ordinary shares it subscribed, which were provided for no additional consideration to the private investors who participated in the share capital increase.

### *Funding*

The HFSF's capital is €50 billion, consisting of funds that are raised within the context of the EU's and the IMF's support mechanism for Greece by virtue of Law 3845/2010. It is gradually paid in by the Hellenic Republic and shall be evidenced by instruments which shall not be transferable until the expiry of the term of the HFSF. The HFSF's capital may be increased by a decision of the Minister of Finance. After the expiry of the HFSF's term and the completion of the liquidation process, the HFSF's capital and assets will be transferred to the Hellenic Republic by operation of law. In the event of the liquidation of a credit institution, the HFSF, in its capacity as a shareholder of such credit institution will be satisfied preferentially towards any other shareholders together with the Hellenic Republic as holder of the special preference shares of Pillar I of Law 3723/2008 (Hellenic Republic Support Scheme).

### *Powers of the HFSF*

Even in cases where the minimum private sector participation condition is met, the HFSF shall fully exercise its voting rights, without the above restrictions, if it is concluded, following a decision of the members of the General Council of the HFSF, that the Bank is in breach of material

obligations included in, or facilitating, the implementation of the restructuring plan or included in the relationship framework agreement entered into between the HFSF and the credit institution.

The HFSF has certain powers over credit institutions receiving capital from the HFSF according to Law 3864/2010. These powers are without prejudice to the supervisory powers of the Bank of Greece, and include, among others, the power to:

- appoint up to two members to the board of directors of a credit institution, as representatives of the HFSF;
- veto key corporate decisions of a credit institution's board of directors related to (i) dividend distributions, the remuneration policy relating to the chairman, managing directors and the other Board members, general managers and deputies; (ii) any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the credit institution, including its business strategy and asset/liability management; and (iii) decisions significantly affecting HFSF's shareholding in the credit institution;
- request an adjournment of a Board meeting for three business days in order to receive instructions from the HFSF Executive Committee, following consultation with the Bank of Greece;
- call a Board meeting;
- approve the appointment of the chief financial officer;
- call a general shareholders' meeting for a credit institution within the deadlines provided in paragraph 2 of Article 7 of Law 3864/2010; and
- have free access to all books and records of the bank.

Each of the Bank of Greece, in its capacity as the competent authority for the supervision of credit institutions, and the HFSF will be authorised to exchange confidential information with one another to the fullest extent permitted by law.

In accordance with the provisions of Law 3864/2010, the Bank's relationship with the HFSF following the completion of the 2013 share capital increase is governed by the Relationship Framework Agreement, as provided in the Memorandum of Economics and Financial Policies, which was executed on 10th July, 2013. In addition to the abovementioned powers, by virtue of the Relationship Framework Agreement and for the period which the HFSF holds shares representing at least 33 per cent. of the Bank's share capital, the HFSF's appointed representative has the power, among other things, to include items in the agenda of the General Meeting of ordinary shareholders of the Bank, of the Board of Directors of the Bank and of the above committees of the Bank in which the representative participates. In addition, in accordance with the Relationship Framework Agreement, at least one of the HFSF Representatives is appointed as a member of the Audit Committee, the Risk Management Committee, the Remuneration Committee, and the Succession and Nomination Committee of the Board. Such HFSF Representative has the right to include items in the agenda of the meetings of the committee in which he participates and to request the convocation of such committee within seven days from his written request to the chairman of the relevant committee.

Furthermore, in accordance with the Relationship Framework Agreement, 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*, connected borrowers policy, all material corporate actions (e.g. capital increases, mergers, etc.), material investments or transfers of assets, the restructuring plan contemplated in Law 3864/2010, and the appointment of auditors.

Under the Relationship Framework Agreement, the Bank's decision-making bodies will continue to independently determine day-to-day business, commercial strategy and policy in accordance with the restructuring plan.

The template relationship framework agreement is available on the website of the HFSF (<http://www.hfsf.gr>). HFSF's website and the documents and information contained therein are not part of this Offering Circular.

#### *Recapitalisation procedures before the HFSF's participation*

Law 4254/2014, which was enacted on 8th April, 2014, introduced a special procedure for the participation of shareholders and subordinated creditors in the recapitalisation of credit institutions before or concurrently with the HFSF.

According to the provisions of the new article 6a of Law 3864/2010, should the voluntary measures provided for in a credit institution's restructuring plan fail to address the total capital shortfall of the credit institution as identified by the Bank of Greece and the licence revocation measures under article 19 and/or the reorganisation measures under articles 136 et seq. of Law 4261/2014 could lead to serious disturbances in the economy with adverse effects upon the public, the Cabinet, in order to ensure that the use of public funds is minimal and following a recommendation by the Bank of Greece, shall issue an Act for the application of mandatory measures aimed at allocating the residual amount of the capital shortfall of the credit institution to the holders of its capital instruments and other subordinated liabilities, as may be necessary.

Such allocation will respect the following hierarchy of claims:

- firstly, common shares;
- secondly, if needed, preference shares and other Tier I instruments; and
- thirdly, if needed, all other subordinated liabilities.

Claims of the same rank will be treated *pari passu*. Deviations from both the above hierarchy of claims and the *pari passu* principle can be justified, however, when there are objective reasons to do so.

The mandatory measures include:

- (i) the absorption of losses by the existing shareholders in order to ensure that the equity of the institution becomes equal to zero, where appropriate, by means of decreasing the nominal value of its shares following a decision of the competent body of the credit institution.
- (ii) the decrease of the nominal value of preference shares and other Tier I liabilities and then, if needed, other subordinated liabilities of the credit institution, in order to ensure that the net asset value of the credit institution is equal to zero; or
- (iii) if the net asset value of the credit institution is above zero, the conversion of preference shares and other Tier I liabilities and then, if needed, other subordinated liabilities of the credit institution, into Tier I capital instruments, in order to restore the capital adequacy ratio of the credit institution to the level required by the Bank of Greece.

In cases referred to in points (ii) and (iii), where the mandatory conversion does not fully cover the capital adequacy ratio required by the Bank of Greece and the provision of capital support from the HFSF is required, the conversion will take the form of conversion into common shares.

The above measures may also concern:

- any liabilities undertaken through the provision of guarantees granted by the credit institution with regard to debt or equity instruments issued by legal entities included in the

consolidated financial statements of such credit institution, provided that the guarantees rank as subordinated liabilities of the credit institution; and

- any claims which rank as subordinated liabilities against the credit institution, under credit arrangements between the credit institution and the abovementioned legal entities.

The above instruments or liabilities are mandatorily converted into capital instruments in connection with a capital increase of the credit institution, failing which the credit institution should be subject to the measures referred to in article 19 and/or articles 136 et seq. of Law 4261/2014 and to the provisions of Law 3458/2006.

By way of derogation and subject to a positive decision of the European Commission in accordance with articles 107 to 109 of the Treaty on the Functioning of the European Union, the above measures may not apply, either fully or to individual instruments, in the event that the Cabinet concludes, upon recommendation by the Bank of Greece, that such measures would endanger financial stability or lead to disproportionate results, such as when the amount of capital support to be provided by the HFSF is small in comparison to that of the credit institution's risk weighted assets, and/or a significant portion of the capital shortfall has been covered by the private sector. These risks represent the objective grounds for derogation from the allocation of the residual amount of the credit institution's capital shortfall and the *pari passu* rule. The final assessment of the derogation rests with the European Commission on a case-by-case basis.

The aforementioned measures applicable to credit institutions, constitute, for the recapitalisation purposes of Law 3864/2010, resolution measures as defined in article 2 of Directive 2001/24/EC of the European Parliament and the Council of 4 April 2001 on the reorganisation and winding up of credit institutions, that was transposed into Greek law with Law 3458/2006. The implementation of such measures, voluntary or mandatory, cannot in any case be:

- a. the reason for the triggering of contractual clauses that are put into place in case of liquidation, insolvency or other event that can be characterised as a credit event or event equivalent to insolvency; and
- b. considered as non-fulfillment or violation of the contractual obligations of the credit institution in order to establish a material grounds for the early termination of an agreement by counterparties of the credit institution; contractual terms contrary to the above do not produce any effect.

The holders of any capital or hybrid capital instrument, or other subordinated liability, including beneficiaries directly or indirectly benefiting from any guarantee ranking as a subordinated liability, of the credit institution subject to recapitalisation measures, shall not, following the implementation of the measures described above, be in a worse financial position than if the credit institution had been placed under liquidation (no creditor worse off principle).

In the event that the no creditor worse off principle is not observed, such shareholders and subordinated creditors are entitled to compensation from the Greek state, provided that they prove that their damages arising from the implementation of the mandatory measures are greater than if the credit institution had been put under liquidation.

A valuation is conducted in order to determine the losses that the shareholders and subordinated creditors would have assumed if instead of applying the mandatory measures, the credit institution had been liquidated. Any form of public financial support to the credit institution is disregarded for purposes of such evaluation. The valuation will be conducted after implementation of the mandatory measures by an independent valuator to be appointed by the Minister of Finance with a view to assessing whether shareholders, hybrid capital holders and subordinated liability holders would have been in a more favorable financial position if the credit institution had entered into normal insolvency proceedings immediately prior to the implementation of the mandatory measures.

The Cabinet Act for implementation of the mandatory measures is published in the Government Gazette, as well as in the form of a Greek language summary in the Official Journal of the EU and in two daily newspapers circulated throughout the territory of the Member State in which the credit institution has a branch or directly provides banking and other mutually recognised financial services, in the official language of such Member State. The summary will include the following:

- grounds and legal basis for issuing the Cabinet Act;
- available legal remedies and deadlines for seeking such legal remedies against the Cabinet Act; and
- the competent court before which legal remedies against the Cabinet Act may be sought.

Cabinet Act No. 11/11.4.2014 set forth necessary details relating to the above, including the procedure to appoint the independent valuers, the content of the independent valuation and the recommendation of the Bank of Greece, the methods for evaluating the claims, the hybrid capitals or instruments to be converted, the possibility of substituting the issuer of the instruments, the methods for completing the conversion and the details for the compensation of the holders of the instruments.

#### *General*

In case the Bank enters into liquidation proceedings, the HFSF, for as long as it is a shareholder, shall be treated as preferred creditor against all other shareholders with respect to the allocation of liquidation proceeds.

During the participation of the HFSF in the share capital of credit institutions, the said credit institutions may not purchase treasury shares without the prior approval of the HFSF.

#### *Approval of HFSF restructuring plans by the EC*

Any restructuring plan imposed by the HFSF is required to comply with EU rules on state aid and be approved by a decision of the EC ensuring that the credit institutions will restore viability at the end of the restructuring period, burden sharing of shareholders will be achieved and distortion of competition is limited. In line with EU state aid rules, in January 2013, Monitoring Trustees were appointed in all banks under restructuring, including Piraeus Bank. The Monitoring Trustees are responsible for overseeing the implementation of restructuring plans and the Bank's compliance with applicable state aid rules.

The Bank of Greece has implemented intensified supervision of credit institutions and increased the resources dedicated to banking supervision. This includes an increase in the frequency and speed of data reporting, and the further development of a comprehensive framework for regularly stress testing financial institutions. Staffing will be increased both for on site inspections and off site review, whilst also taking into account the new responsibilities of the Bank of Greece with respect to insurance supervision. Additional flexibility will be introduced in the management of human resources, and all Bank of Greece staff will be granted legal protection for actions performed in good faith.

#### *Lock up Undertaking*

The Presubscription Agreement between the HFSF, the Bank and the EFSF dated 28th May, 2012 provided for a lock up undertaking (the "Lock up Undertaking") imposed on the Bank, with effect from the date of execution of the Presubscription Agreement until 18 months after the date of completion of the 2013 share capital increase, i.e. the date of delivery of the then offered shares to the purchasers thereof (2nd July, 2013). The Lock up Undertaking of the Presubscription Agreement is one of the provisions that survived termination of the agreement. In particular, the Bank has undertaken, (i) not to proceed with any transactions whatsoever with respect to its ordinary shares, such as issues, sales, transfers, pledges, liens, charges, grants of security or

options over such shares, or in any other way dispose of its legal title or beneficial interest in its ordinary shares; (ii) not to enter into any swap or similar agreement that transfers the economic consequences of the ownership of its ordinary shares; (iii) not to proceed to any capital increase or issue of securities, convertible or exchangeable or exercisable into its ordinary shares; and (iv) not to publicly disclose any intention to do any of the aforementioned; any transactions carried out in the ordinary course of business in order to facilitate customer transactions, or expressly provided in the business plan that the Bank has procured in accordance with Article 6 paragraph 2 of Law 3864/2010 are excluded. Additionally, the Lock up Undertaking does not apply to shares issued upon conversion of convertible financial instruments, where the repayment of such instruments is still pending at the date of the Presubscription Agreement. The HFSF can grant waivers in writing or decide in its sole discretion to release any securities subject to the Lock up Undertaking.

### *Warrants*

Pursuant to Law 3864/2010 and Cabinet Acts no. 38/9.11.2012 and 6/2013, the HFSF issued and delivered to the private individuals participating in a recapitalisation share capital increase under such law, for no additional charge, one warrant for each new share acquired in the share capital increase of a bank, under the condition that the private sector participation in the capital increase of a credit institution is higher than 10 per cent. of the total amount of the capital increase.

Warrants are transferable securities that offer no voting rights to their holders and there are no restrictions as to their transfer. Pursuant to the above mentioned Cabinet Acts, each warrant incorporates the right of its holder to purchase a certain number of shares calculated using the following formula:  $x=a/b$ , where (x) is the total number of the shares that the warrant holder is entitled to purchase, (a) is the total number of the ordinary shares that the HFSF acquires in the capital increase and (b) is the total number of ordinary shares that the private sector acquires in the capital increase. At the time of exercise, any fractional shares corresponding to the warrants of the same holder being exercised shall be aggregated and rounded down to the nearest integral number. Pursuant to Cabinet Act no. 38/2012 the number of ordinary shares corresponding to each warrant shall be adjusted accordingly in the case of corporate events.

### ***The Greek Banking Sector Under the Hellenic Economic Crisis and the Economic Adjustment Programmes***

As a result of the economic crisis detailed above, the stability of the Greek financial system came under considerable pressure in recent years. In particular, the instability in the money and capital markets, including the market for Hellenic Republic bonds, adversely affected the profitability and liquidity ratios of the Greek banking sector. Whilst the widening of Hellenic Republic bond credit spreads increased the market risk for Greek banks, the deterioration of the financial situation of businesses and households led to a further increase in NPL ratios for Greek banks. A rise in the NPL ratio was observed across all loan categories, with the total NPL ratio increasing to 15.9 per cent. as at 31st December, 2011 and to 24.6 per cent. as at 31st December, 2012. Specifically, losses from financial operations, coupled with a significant increase (on an annual basis) in provisions for credit risk, adversely affected banks' results of operations. Subsequently, the capital adequacy and financial results of operations of banks and their groups were significantly impacted by the PSI, implemented in March and April 2012.

To enhance the ability of Greek banks to use the refinancing facilities of the Eurosystem, the Greek government, upon the approval of the European Community, extended, initially until 30th June, 2010 and subsequently until 31st December, 2014, the deadline for the use of unallocated funds under the Hellenic Republic Support Scheme, which was established by Law 3723/2008, as revised by subsequent legislation. Law 3845/2010 expanded the bank bond guarantee scheme under the Hellenic Republic Support Scheme by €15 billion (in addition to the €15 billion which were initially provided for by Law 3723/2008). Moreover, by virtue of Law 3872/2010, the bank bond guarantee scheme was expanded by another €25 billion in April 2012. In this context, Greek

banks issued bonds guaranteed by the Greek government totalling approximately €28 billion and received special Hellenic Republic bonds of approximately €7.7 billion as at 30th September, 2010. Greek banks' access to liquidity was further facilitated by measures taken by the ECB, which decided on 3rd May, 2010 to accept as collateral in the Eurosystem's refinancing operations all Hellenic Republic bonds, as well as bonds guaranteed by the Greek government, irrespective of their credit rating. Finally, by virtue of Law 3965/2011, the bank bond guarantee scheme was expanded by another €30 billion.

To restore the capital adequacy of Greek banks, the Second Economic Adjustment Programme for Greece contemplated a €50 billion programme in February 2012. According to the Bank of Greece, the capital needs of all Greek banks as of May 2012 was €40.5 billion for the period up to 2014, out of which €27.5 billion were required for the four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank). The amount of €40.5 billion included losses of €37.7 billion, or 93 per cent. of that amount, which resulted from the implementation of the PSI. The four systemic banks, having €27.5 billion in capital needs, incurred losses from the PSI of €28.2 billion as at 31st December, 2011.

The 13 per cent. decrease in deposits in Greek banks observed during the first half of 2012 was reversed after the June 2012 elections and the forming of a new government, and deposits in Greek banks increased by 9 per cent. in the second semester of 2012. As at the end of 2012, financing of Greek banks through the Eurosystem amounted to €121 billion, out of which only €19 billion originated from the ECB. The limited liquidity conditions and the use of the Emergency Liquidity Assistance by Greek banks have contributed to the considerable increase of their funding costs, whilst the cost of deposits remained at a particularly high level. However, during 2013 and 2014 the Greek Systemic Banks have regained access to the markets with the senior unsecured bond issues.

Further to that, through their recent capital increases Greek banks have decreased considerably their reliance on Eurosystem funding.

The Bank of Greece is expected to closely monitor developments to ensure that the necessary steps are taken to increase the capital adequacy of banks where needed. The establishment of the HFSF, the allocation of €50 billion under the Second Economic Adjustment Programme to recapitalise Greek banks, as well as the completion of the share capital increases of the Greek systemic banks, provide a safety net for Greek banks' capital adequacy.

The Bank of Greece conducted stress tests during the last quarter of 2013 on Greek banks based on data as at 30th June, 2013, in order to confirm their capital adequacy following their recapitalisation and on 6th March, 2014 it published the capital requirements for each of the Greek banks. The key drivers of the capital requirements were credit loss projections on total loans granted in Greece and abroad and estimated operating profitability (pre provision income) of the banks, based on a conservative adjustment of restructuring plans submitted by the Greek banks to the Bank of Greece. The Bank of Greece adopted a rigorous approach, in order to ensure that the results would be sufficiently conservative, using the results of the independent diagnostic study conducted by BlackRock on Greek banks' loan portfolios. The capital needs of all Greek banks were estimated on the basis of the baseline scenario at €6.4 billion and on the basis of the adverse scenario at €9.4 billion. The Bank's capital requirements have been assessed at €425 million on the basis of the baseline scenario and at €757 million on the basis of the adverse scenario.

## FORM OF THE DEED OF GUARANTEE

The following is the form of the Deed of Guarantee of Piraeus Bank:

**"THIS DEED OF GUARANTEE** is made on 23rd July, 2013 in London, England

### **BY:**

(1) **PIRAEUS BANK S.A.**, a company incorporated in the Hellenic Republic (the "Guarantor").

### **IN FAVOUR OF:**

(2) **THE HOLDERS AND THE ACCOUNTHOLDERS** (each as defined below) (together, the "Beneficiaries").

### **WHEREAS**

- (A) Piraeus Bank S.A., in its capacity as an issuer and Piraeus Group Finance PLC ("Piraeus PLC" and together with Piraeus Bank S.A. in its capacity as issuer, (the "Issuers") have established a Euro Medium Term Note Programme (the "Programme") for the issuance of notes. The Guarantor has authorised the giving of its irrevocable guarantee in relation to the notes issued by Piraeus PLC (the "Notes").
- (B) The Issuers and the Guarantor have, in relation to the notes issued under the Programme, entered into a fiscal agency agreement (as amended, supplemented and/or restated from time to time, the "Agency Agreement") dated 23rd July, 2013 with Deutsche Bank AG, London Branch as fiscal agent (the "Agent"; which expression shall include any successor) and the other paying agents named therein.
- (C) The Issuers have, in relation to the notes issued under the Programme, executed in London, England a deed of covenant (as amended, supplemented and/or restated from time to time, the "Deed of Covenant") dated 23rd July, 2013.
- (D) The Guarantor has agreed to irrevocably guarantee the payment of all sums expressed to be payable from time to time by Piraeus PLC in respect of the Notes and under the Deed of Covenant.
- (E) The Guarantor entered into a deed of guarantee dated 2nd July, 2008 in relation to the Notes (such deed of guarantee, the "Original Deed of Guarantee").
- (F) The Guarantor agrees to make certain modifications to the Original Deed of Guarantee.
- (G) This Deed of Guarantee amends and restates the Original Deed of Guarantee. Any Notes issued under the Programme by Piraeus PLC on or after the date hereof shall be issued subject to this Deed of Guarantee (other than any such Notes issued so as to be consolidated and form a single series with any Notes issued prior to the date hereof which shall continue to be subject to the Original Deed of Guarantee).

**THIS DEED OF GUARANTEE WITNESSES** as follows:

#### **1.1 Definitions and Interpretation**

"Accountholder" means any accountholder or participant with a Clearing System which at the Relevant Date has credited to its securities account with such Clearing System one or more Entries in respect of a Global Note issued by Piraeus PLC, except for any Clearing System in its capacity as an accountholder of another Clearing System;

"Clearing System" means each of Euroclear and Clearstream, Luxembourg, and any other clearing system specified in the relevant Final Terms;

“Conditions” means the terms and conditions of the relevant Notes, including those contained in the applicable Final Terms, as the same may be completed in accordance with the terms thereof, and any reference to a numbered “Condition” is to the correspondingly numbered provision thereof;

“Direct Rights” means the rights referred to in Clause 3 of the Deed of Covenant;

“Entry” means, in relation to a Global Note issued by Piraeus PLC, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note;

“Euroclear” means Euroclear Bank SA/NV, as operator of the Euroclear system;

“Holder” means, in relation to any Note, at any time, the person who is the bearer of such Note;

“person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

“Relevant Date” means, in relation to the payment of any sum expressed to be payable by Piraeus PLC in respect of a Note, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

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

- 1.2 Terms defined in the Conditions have the same meanings in this Deed of Guarantee.
- 1.3 Any reference in this Deed of Guarantee to any obligation or payment under or in respect of the Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 3 of the Deed of Covenant.
- 1.4 Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.
- 1.5 Headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Deed of Guarantee.

## **2. Guarantee and Indemnity**

- 2.1 The Guarantor hereby irrevocably guarantees:
  - (a) to each Holder the due and punctual payment of all sums from time to time payable by Piraeus PLC in respect of the Notes as and when the same become due and payable and accordingly undertakes to pay to such Holder, forthwith upon the demand of such Holder and in the manner and currency prescribed by the Conditions for payments by Piraeus PLC in respect of the Notes, any and every sum or sums which Piraeus PLC is at any time liable to pay in respect of the Notes and which Piraeus PLC has failed to pay; and

- (b) to each Accountholder the due and punctual payment of all sums from time to time payable by Piraeus PLC to such Accountholder in respect of the Direct Rights as and when the same become due and payable and accordingly undertakes to pay to such Accountholder, forthwith upon the demand of such Accountholder and in the manner and currency prescribed by the Conditions for payments by Piraeus PLC in respect of the Notes, any and every sum or sums which Piraeus PLC is at any time liable to pay to such Accountholder in respect of the Notes and which Piraeus PLC has failed to pay.
- 2.2 The Guarantor irrevocably undertakes to each Beneficiary that, if any sum referred to in Clause 2.1 is not recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Note, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then (notwithstanding that the same may have been known to such Beneficiary) the Guarantor will, forthwith upon demand by such Beneficiary, pay such sum by way of a full indemnity in the manner and currency prescribed by the Conditions. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action if any sum is not recoverable under Clause 2.1.
- 2.3 Notwithstanding the foregoing provisions of Clauses 2.1 and 2.2 hereof, it is specifically agreed that the place of performance of any and all obligations under the Deed of Guarantee shall be London, England and consequently any and all payments of the Guarantor under this Deed of Guarantee shall be made out of or to the credit of bank accounts maintained with banks legally operating and situated in London, England.

### **3. Negative Pledge**

The Guarantor covenants in favour of each Holder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 4.

### **4. Taxation**

The Guarantor covenants in favour of each Holder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 10. In particular, if in respect of any payment to be made under this Deed of Guarantee, any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature is payable, the Guarantor shall pay the additional amounts referred to in Condition 10, all subject to and in accordance with the provisions of Condition 10.

### **5. Preservation of Rights**

- 5.1 The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.
- 5.2 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of Piraeus PLC's obligations under any Note or the Deed of Covenant and shall continue in full force and effect until all sums due from Piraeus PLC in respect of the Notes and under the Deed of Covenant have been paid, and all other obligations of Piraeus PLC thereunder have been satisfied, in full.
- 5.3 Neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:

- (a) the winding up, liquidation or dissolution of Piraeus PLC or analogous proceeding in any jurisdiction or any change in its status, function, control or ownership;
  - (b) any of the obligations of Piraeus PLC under or in respect of the Notes or the Deed of Covenant being or becoming illegal, invalid or unenforceable;
  - (c) time or other indulgence being granted or agreed to be granted to Piraeus PLC in respect of any of its obligations under or in respect of the Notes or the Deed of Covenant;
  - (d) any amendment to, or any variation, waiver or release of, any obligation of Piraeus PLC under or in respect of the Notes or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof; or
  - (e) any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.
- 5.4 Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by Piraeus PLC or any other person on Piraeus PLC's behalf being avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- 5.5 No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:
- (a) to make any demand of Piraeus PLC, save for the presentation of the relevant Note;
  - (b) to take any action or obtain judgment in any court against Piraeus PLC; or
  - (c) to make or file any claim or proof in a winding up or dissolution of Piraeus PLC,
- and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Note.
- 5.6 The Guarantor agrees that, so long as any sums are or may be owed by Piraeus PLC in respect of the Notes or under the Deed of Covenant or Piraeus PLC is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:
- (a) to be indemnified by Piraeus PLC;
  - (b) to claim any contribution from any other guarantor of Piraeus PLC's obligations under or in respect of the Notes or the Deed of Covenant;
  - (c) to take the benefit (in whole or in part) of any security enjoyed in connection with the Notes or the Deed of Covenant by any Beneficiary; or
  - (d) to be subrogated to the rights of any Beneficiary against Piraeus PLC in respect of amounts paid by the Guarantor under this Deed of Guarantee.
- 5.7 The Guarantor irrevocably undertakes that its obligations hereunder in respect of Notes specified in the applicable Final Terms as Senior Notes will constitute direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject to Condition 4) and

unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.

- 5.8 The Guarantor irrevocably undertakes that its obligations hereunder in respect of Notes specified in the applicable Final Terms as Dated Subordinated Notes will constitute direct, general and unconditional, subordinated and unsecured obligations of the Guarantor which will be subordinated to the claims of Senior Creditors of the Guarantor in that payments under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) will be conditional upon the Guarantor being solvent at the time of payment by the Guarantor and in that no amount shall be payable under the Deed of Guarantee (whether in the winding up of the Guarantor or otherwise) except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For this purpose, the Guarantor shall be considered to be solvent if it can pay principal and interest in respect of the Dated Subordinated Notes and still be able to pay its outstanding debts to Senior Creditors of the Guarantor, which are due and payable.

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

## **6. Deposit of Deed of Guarantee**

An original of this Deed of Guarantee shall be deposited with and held by the Agent until the date which is two years after all the obligations of Piraeus PLC under or in respect of the Notes and the Deed of Covenant have been discharged in full. The Guarantor hereby acknowledges the right of every Beneficiary to the production of this Deed of Guarantee.

## **7. Stamp Duties**

The Guarantor shall pay all stamp, registration and other similar taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee, and shall, to the extent permitted by law, indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, reasonable legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

## **8. Benefit of Deed of Guarantee**

- 8.1 This Deed of Guarantee shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.
- 8.2 This Deed of Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Guarantee against the Guarantor.
- 8.3 The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.
- 8.4 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but that does not affect any right or remedy of any person which exists or is available apart from the Act.

## 9. Partial Invalidity

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any applicable jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other applicable jurisdiction shall in any way be affected or impaired thereby.

## 10. Notices

10.1 All notices and other communications to the Guarantor hereunder shall be made in writing (by letter, telex or fax) and shall be sent to the Guarantor at:

Piraeus Bank S.A.

Address: 4 Amerikis Str  
105 64 Athens  
Greece  
Tel: +30 210 333 5870  
Fax: +30 210 333 5695  
Attention: Mrs. Dimitra Pallikari, Legal Counsel  
and  
Address: 5, Korai Street  
10564 Athens  
Greece  
Tel: +30 210 333 5818  
Fax: +30 210 325 4207  
Attention: Kostas Fouskas- Country Treasurer

or to such other address, telex number or fax number or for the attention of such other person or department as the Guarantor has notified to the Beneficiaries in the manner prescribed for the giving of notices in connection with the Notes.

10.2 Every notice, demand or other communication sent in accordance with Clause 10.1 shall be effective as follows:

- (a) if sent by letter or fax, upon receipt by the Guarantor; and
- (b) if sent by telex, upon receipt by the sender of the Guarantor's answerback at the end of transmission;

provided that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

## 11. Governing Law and Jurisdiction

11.1 This Deed of Guarantee (other than Clause 5.8) and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law. Clause 5.8 is governed by and shall be construed in accordance with, Greek law.

11.2 The Guarantor agrees, for the exclusive benefit of the Beneficiaries, that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deed of Guarantee (respectively, "Proceedings" and "Disputes") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

11.3 The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts referred to in Clause 11.2 being nominated as the forum to hear and determine any

Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

- 11.4 The Guarantor agrees that the process by which any Proceedings are begun may be served on it by being delivered to Piraeus Bank S.A., London Branch at its principal place of business for the time being in England (currently Tower 42, 25 Old Broad Street, London EC2N 1PB). If the Guarantor ceases to maintain a branch in England, the Guarantor shall appoint a further person in England to accept service of process on its behalf. Nothing in this sub-clause shall affect the right to serve process in any other manner permitted by law.
- 11.5 To the extent allowed by law, the submission to the jurisdiction of the courts referred to in Clause 11.2 shall not (and shall not be construed so as to) limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

**12. Modification**

The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Notes, including the modification of any provision of this Deed of Guarantee. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries.

**IN WITNESS** whereof this Deed of Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a deed  
by  
acting as attorney-in-fact  
for and on behalf of  
PIRAEUS BANK S.A.  
in the presence of:



Signature of witness: .....

Name of Witness: .....

Address: .....

Occupation: ....."

## **GUARANTEE OF DEBT SECURITIES BY THE HELLENIC REPUBLIC**

Under Law 3723/2008 of the Hellenic Republic, as in force, the Minister of Economy and Finance (now called "Minister of Finance") has the power to provide a guarantee on behalf of the Hellenic Republic for debt securities issued by the credit institutions licensed by the Bank of Greece. This power was granted as part of a package of measures designed to stabilise the financial markets in the Hellenic Republic. The support package has been approved by the European Commission as being compatible with EC Treaty State aid rules.

### **Nature of the guarantee**

Pursuant to Law 3723/2008 a credit institution may apply to the Minister of Finance for debt securities to be guaranteed by the Hellenic Republic provided such securities fulfil certain criteria. Securities with the benefit of a guarantee from the Hellenic Republic granted pursuant to Law 3723/2008 will be guaranteed pursuant to a guarantee to be given by the Hellenic Republic in favour of the holders of the relevant securities. Where the applicable Final Terms indicate that such debt securities are unconditionally and irrevocably guaranteed by the Hellenic Republic pursuant to Law 3723/2008 and associated Ministerial decisions ("Guaranteed Debt Securities") such debt securities will be unconditionally and irrevocably guaranteed by the Hellenic Republic.

### **Exemption from the provisions of the Prospectus Directive**

Pursuant to Article 1, paragraph 2(d) of the Prospectus Directive the provisions of the Prospectus Directive will not apply to any issue of Guaranteed Debt Securities. No election has been made by Piraeus Bank for Guaranteed Debt Securities to be treated as being within the scope of the Prospectus Directive.

***No Notes issued pursuant to this Offering Circular will be Guaranteed Debt Securities and Guaranteed Debt Securities may not be offered to the public in any country of the European Union or admitted to trading on the regulated market of any country of the European Union using this Offering Circular. In respect of an issue of Guaranteed Debt Securities under the Programme, a separate information memorandum will be prepared.***

## TAXATION

### **Taxation in the Hellenic Republic**

The following discussion of Greek taxation, as it relates to the Notes and the Guarantee, is of a general nature and is based on the provisions of the new income tax law, Law 4172/2013, as amended and in force as of 1st January, 2014. It should be noted, however, that the Greek Ministry of Finance has not issued specific explanatory circulars and detailed decisions in relation to tax matters discussed under this caption. Therefore, the Greek Ministry of Finance might take a position which could be different from that discussed below and Noteholders who are in doubt as to their personal tax position should consult their professional advisers.

#### *Payment of principal under the Notes and the Guarantee*

No Greek income tax will be imposed on payments of principal to any Noteholders in respect of Notes:

- (a) issued by Piraeus PLC or Piraeus Bank; or
- (b) issued by Piraeus PLC and made by Piraeus Bank under the Guarantee.

#### *Payments of interest on the Notes*

Payments of interest on the Notes issued by Piraeus PLC and held by:

- (a) Noteholders who neither reside nor maintain a permanent establishment in Greece for Greek tax law purposes (the "Non-Resident Noteholders") will not be subject to Greek income tax, provided that such payments are made outside of Greece by a paying or other similar agent who neither resides nor maintains a permanent establishment in Greece for Greek tax law purposes; and
- (b) Noteholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes (the "Resident Noteholders") will be subject to Greek withholding income tax at a flat rate of fifteen per cent., if such payments are made directly to Resident Noteholders by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. This withholding tax may not exhaust the tax liability of certain types of Resident Noteholders.

Payments of interest on the Notes issued by Piraeus Bank and held by:

- (a) Non-Resident Noteholders will be subject to Greek withholding income tax at a flat rate of fifteen per cent., if such payments are made directly to Non-Resident Noteholders by Piraeus Bank or by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes, in each case 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 Noteholder is a tax resident;
- (b) Resident Noteholders will be subject to Greek withholding income tax at a flat rate of fifteen per cent., if such payments are made directly to Resident Noteholders by Piraeus Bank or by a paying agent or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. This withholding tax may not exhaust the tax liability of certain types of Resident Noteholders.

#### *Payments of interest under the Guarantee*

Payments of interest by Piraeus Bank under the Guarantee made to Non-Resident Noteholders and Resident Noteholders are likely to have the same income tax treatment, as payments of

interest on the Notes issued by Piraeus Bank described above, subject to any different guidance that may be given by the Greek Ministry of Finance.

#### *Disposal of Notes – Capital Gains*

Capital gains resulting from the transfer of Notes issued by Piraeus PLC and earned by:

- (a) Non-Resident Noteholders will not be subject to Greek income tax;
- (b) Resident Noteholders who are natural persons will be subject to Greek income tax at a flat rate of 15 per cent. In the event such transfer is treated as deriving from business activity, income tax will be imposed according to the applicable tax rate scale (26 per cent. - 33 per cent.); and
- (c) Resident Noteholders who are legal persons or other entities will be subject to Greek corporate tax either at the rate of 26 per cent. (if keeping double entry books) or according to the tax rate scale of 26 per cent. - 33 per cent. (if keeping single entry books).

Capital gains resulting from the transfer of Notes issued by Piraeus Bank and earned by:

- (a) Non-Resident Noteholders who are natural persons and tax residents in a jurisdiction with which Greece has entered into a DTT will not be subject to Greek income tax, provided they furnish to the Greek tax authorities appropriate documents evidencing that they are tax residents in such jurisdiction;
- (b) Non-Resident Noteholders who are natural persons but they are not tax residents in a jurisdiction with which Greece has entered into a DTT, will be subject to Greek income tax at a flat rate of fifteen per cent; In the event such transfer is treated as deriving from business activity, income tax will be imposed according to the applicable tax rate scale (26 per cent. - 33 per cent.);
- (c) Non-Resident Noteholders who are legal persons or other entities will be subject to Greek corporate tax either at the rate of 26 per cent. (if keeping double entry books) or according to the tax rate scale of 26 per cent. - 33 per cent. (if keeping single entry books), subject to the provisions of any applicable DTT;
- (d) Resident Noteholders who are natural persons will be subject to Greek income tax at a flat rate of 15 per cent; In the event such transfer is treated as deriving from business activity, income tax will be imposed according to the applicable tax rate scale (26 per cent. - 33 per cent.); and
- (e) Resident Noteholders who are legal persons or other entities will be subject to Greek corporate tax either at the rate of 26 per cent. (if keeping double entry books) or according to the tax rate scale of 26 per cent. - 33 per cent. (if keeping single entry books).

#### ***Implementation of the EU Savings Directive***

On 3rd June, 2003 the EU Council of Economic and Finance Ministers adopted Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "EU Savings Directive"). The ultimate aim of the EU Savings Directive is to enable savings income in the form of interest payments made in one Member State to beneficial owners who are individuals resident for tax purposes in another Member State to be made subject to effective taxation in accordance with the laws of the latter Member State.

Greece has implemented the EU Savings Directive by virtue of the Implementing Law, whilst in the course of 2005 and 2006 several implementing practical measures were enacted in this context.

## **Taxation in the United Kingdom**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments are made on the assumption that Piraeus Bank is not resident in the United Kingdom for United Kingdom tax purposes and that any interest on Notes issued by Piraeus Bank (other than through its UK branch) will not have a UK source. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### **A. UK Withholding Tax on UK Source Interest**

#### *A.1 UK Notes Listed on a Recognised Stock Exchange*

The Notes issued by Piraeus PLC (the "UK Issuer") or Piraeus Bank issuing through its UK branch (also the "UK Issuer"; and together with Piraeus PLC, the "UK Issuers") which carry a right to interest ("UK Notes") will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007 (the "Act"). Securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. While the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

#### *A.2 UK Notes issued by Piraeus Bank acting through its UK branch*

In addition to the exemption set out in A.1 above, interest on Notes issued by Piraeus Bank acting through its UK branch may be paid without withholding or deduction for or on account of United Kingdom income tax if and for so long as Piraeus Bank issuing through its UK branch is a "bank" for the purposes of section 991 of the Act and so long as such payments are made by it in the ordinary course of its business within the meaning of section 878 of the Act.

#### *A.3 Notes issued to UK corporation tax payers*

Interest on the UK Notes may also be paid without withholding or deduction on account of UK tax where interest on the UK Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the UK Notes is paid reasonably believes) that the beneficial owner is within the charge to UK corporation tax as regards

the payment of interest; provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

#### *A.4 Notes with short maturity dates*

Interest on the UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax if the relevant interest is paid on UK Notes with a maturity of less than 365 days from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for more than 364 days.

#### *A.5 All other UK Notes*

In all cases falling outside the exemptions described in A.1, A.2, A.3 and A.4 above, interest on the UK Notes which has a UK source must generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

### **B. Payments by the Guarantor**

If the Guarantor makes any payments in respect of interest on Notes issued by Piraeus PLC (or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes) such payments may be subject to United Kingdom withholding tax subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption or relief which may apply. Such payments by the Guarantor may not be eligible for the exemptions described in A above.

### **C. Payments under the Deed of Covenant**

Any payments made by an Issuer under the Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

### **D. Provision of Information**

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6th April, 2015.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

## **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 Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

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 Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21st June, 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing Council Directive 2003/48/EC of 3rd June, 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), payments of interest or similar income made or ascribed by a Paying Agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, (within the meaning of the Laws) resident in, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant Paying Agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws will be subject to a withholding tax at a rate of 35 per cent..

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1st January, 2015, in favour of automatic information exchange under the Directive.

#### *(ii) Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005 (the "Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in

respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner, will be subject to withholding tax of 10 per cent.. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 10 per cent..

### **The Proposed Financial Transactions Tax (“FTT”)**

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

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

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 1st January, 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

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

### **EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in that other Member State. On 24th March, 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1st January, 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of

the European Union. For a transitional period, Austria and Luxembourg are required (unless during that period they elect otherwise) to operate a withholding tax in relation to such payments.

The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1st January, 2015, in favour of automatic information exchange under the Directive.

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

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution," or "FFI" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("IRS") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of an Issuer (a "Recalcitrant Holder"). The Issuers are classified as FFIs.

The new withholding regime will be phased in beginning 1st July, 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1st January, 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date," which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the "US-UK IGA") based largely on the Model 1 IGA.

If Piraeus PLC is treated as a Reporting FI pursuant to the US-UK IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that Piraeus PLC will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes.

Accordingly the Issuers, and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by an Issuer, any paying agent and the common depository or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuers and to payments they may receive in connection with the Notes.**

## **SUBSCRIPTION AND SALE**

The Dealers have in an amended and restated programme agreement (the "Programme Agreement") dated 23rd July, 2013 agreed with Piraeus Bank and Piraeus PLC a basis upon which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement, Piraeus Bank and Piraeus PLC have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The applicable Final Terms will identify whether TEFRA C rules ("TEFRA C") or TEFRA D rules ("TEFRA D") apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer, or in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all the Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes issued by Piraeus PLC having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as

principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the Guarantor would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Greece**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with (i) the provisions of the Public Offer Selling Restriction under the Prospectus Directive, described above in this section; (ii) all applicable provisions of Law 3401/2005, implementing into Greek Law the Prospectus Directive (including, with respect only to Notes issued by Piraeus Bank, article 8a of Codified Law 2190/1920 as in force); and (iii) all applicable provisions of Laws 876/1979 and 3606/2007, with respect to anything done in relation to any offering of any Notes or advertisement, notice, statement or other action involving Notes in, from or otherwise involving the Hellenic Republic.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief having made all due and proper enquiries) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of Piraeus PLC, Piraeus Bank and any other Dealer shall have any responsibility therefor.

None of Piraeus PLC, Piraeus Bank and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the issue of Notes by Piraeus PLC have been duly authorised by resolutions of the Board of Directors of Piraeus PLC dated 2nd June, 2004, 21st July, 2005, 14th June, 2007, 27th June, 2008, 28th July, 2009, 5th August, 2010, 14th July, 2011, 14th June, 2012, 14th June, 2013 and 21st July, 2014. The establishment and update of the Programme and the giving of the Deed of Guarantee have been duly authorised by resolutions of the Board of Directors of Piraeus Bank dated 12th May, 2004, 13th July, 2005, 18th April, 2007, 31st October, 2007, 8th April, 2009, 17th March, 2010, 14th July, 2010, 20th July, 2011, 13th June, 2012 and 28th June, 2013.

Any issue of Notes by Piraeus Bank under the Programme is subject to the prior decision of the Board of Directors of Piraeus Bank.

### Approval, listing and admission to trading

Application has been made to the CSSF to approve this document as a base prospectus in respect of Piraeus PLC and in respect of Piraeus Bank. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID.

### Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of each Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) the constitutional documents of Piraeus Bank and Piraeus PLC (in English);
- (ii) the audited IFRS financial statements of Piraeus Bank in respect of the financial years 31st December, 2013 and 31st December, 2012 (in both cases with an English translation thereof) (in each case together with the audit reports prepared in connection therewith);
- (iii) the audited financial statements of Piraeus PLC in respect of the financial years ended 31st December, 2013 and ended 31st December, 2012 (in each case together with the audit reports prepared in connection therewith);
- (iv) the financial statements of Piraeus Bank in respect of the three months ended 31st March, 2014, including the unaudited consolidated and non-consolidated interim condensed financial statements as at and for the three months ended 31st March, 2014;
- (v) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the forms of the temporary global Notes, the permanent global Notes, the Notes in definitive form, the Coupons and the Talons;
- (vi) a copy of this Offering Circular; and
- (vii) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular and Final Terms and any other documents incorporated herein or therein by reference.

In addition, copies of this Offering Circular, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference herein are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Method for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer in consultation with the relevant Dealer prior to the relevant issue of Notes and will depend, amongst other things, on prevailing market conditions at that time.

The issue price in respect of any Notes to be issued under the Programme will be disclosed either in the applicable Final Terms or will be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

### **Material or Significant Change**

There has been no material adverse change in the prospects of Piraeus Bank, or the Group, since 31st December, 2013, and no significant change in the financial position of Piraeus Bank or the Group since 31st March, 2014.

There has been no material adverse change in the prospects of Piraeus PLC since 31st December, 2013 and no significant change in the financial position of Piraeus PLC since 31st December, 2013.

### **Litigation**

None of Piraeus PLC, Piraeus Bank or any subsidiary of Piraeus Bank is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Piraeus PLC or Piraeus Bank is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of Piraeus PLC, Piraeus Bank or the Group.

### **Auditors of Piraeus PLC**

The auditors of Piraeus PLC are PricewaterhouseCoopers LLP, 7 More London, Riverside, London SE1 2RT, England (member of the Institute of Chartered Accountants in England and Wales). The financial statements of Piraeus PLC for the years ended 31st December, 2013 and 2012 have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports which have been incorporated by reference.

### **Auditors of Piraeus Bank**

The statutory auditors of Piraeus Bank are PricewaterhouseCoopers S.A. – Athens (member of the Institute of Certified Public Accountants of Greece).

The audited consolidated financial statements of the Group as of 31st December, 2013 and 31st December, 2012 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.

**Yield**

The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is an example formula for the purposes of calculating the yield of Fixed Rate Notes. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

$$\text{Issue Price} = \frac{\text{Coupon}}{m} * \left[ \frac{1 - \left( \frac{1}{\left( 1 + \frac{\text{Yield}}{m} \right)^{n*m}} \right)}{\frac{\text{Yield}}{m}} \right] + \left[ \text{Final Redemption Amount} * \frac{1}{\left( 1 + \frac{\text{Yield}}{m} \right)^{n*m}} \right]$$

Where:

“Coupon” means the annual coupon as specified in the applicable Final Terms;

“Yield” means the annual yield to maturity;

“m” means the number of interest payments in a year; and

“n” means the number of years to maturity.

Set out below is a worked example illustrating how the yield on a Series of Fixed Rate Notes could be calculated on the basis of the above formula. It is provided for purposes of illustration only and should not be taken as an indication of prediction of the yield for any Series of Notes; it is intended merely to illustrate the way which the above formula could be applied.

Where:

m = 2

n = 6

Coupon = 3.875 per cent.

Issue Price = 99.392 per cent.

Final Redemption Amount = 100 per cent.

$$99.392 = \frac{3.875}{2} * \frac{1 - \left[ \frac{1}{\left(1 + \frac{\text{Yield}}{2}\right)^{6*2}} \right]}{\frac{\text{Yield}}{2}} + 100 * \left[ \frac{1}{\left(1 + \frac{\text{Yield}}{2}\right)^{6*2}} \right]$$

Yield = 3.99 per cent. (calculated by iteration)

The yield specified in the applicable Final Terms in respect of a Series of Notes will not be an indication of future yield.

The issue price and the amount of the relevant Notes will be determined before the filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions.

### **Conflicts**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for Piraeus PLC and/or Piraeus Bank and/or their respective affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Piraeus PLC and/or Piraeus Bank and/or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Piraeus PLC and/or Piraeus Bank and/or their respective affiliates routinely hedge their credit exposure to the relevant entity consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of Piraeus PLC and/or Piraeus Bank and/or their respective affiliates, including potentially any Notes offered hereby. Any such short positions could adversely affect future trading prices of any Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**ISSUER****Piraeus Group Finance PLC**

Tower 42  
25 Old Broad Street  
London EC2N 1PB  
England

**ISSUER AND GUARANTOR****Piraeus Bank S.A.**

4, Amerikis Str.  
105 64 Athens  
Greece

**AGENT****Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
England

**PAYING AGENT****Deutsche Bank Luxembourg S.A.**

2 boulevard Konrad Adenauer  
L - 1115 Luxembourg  
Luxembourg

**INDEPENDENT AUDITORS OF PIRAEUS BANK****PricewaterhouseCoopers**

268 Kifissias Avenue  
15232 Athens  
Greece

**INDEPENDENT AUDITORS OF PIRAEUS PLC****PricewaterhouseCoopers LLP**

7 More London  
Riverside  
London SE1 2RT  
England

**LEGAL ADVISERS**

*To Piraeus PLC and Piraeus Bank  
as to Greek law*

**M. & P. Bernitsas Law Offices**

5 Lykavittou Street  
GR-105 72 Athens  
Greece

*To Piraeus PLC and Piraeus Bank  
as to English law*

**Allen & Overy LLP**

One Bishops Square  
London E1 6AD  
England

*To the Arranger and Dealers  
as to English law*

**Clifford Chance LLP**

10 Upper Bank Street  
London E14 5JJ  
England

## **ARRANGER**

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
England

## **DEALERS**

### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
England

### **BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
England

### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
London E14 5LB  
England

### **Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
England

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Greater Winchester Street  
London EC2N 2DB  
England

### **Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
England

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
England

### **Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
England

### **Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
England

### **Pireaus Bank S.A.**

4 Amerikis Str  
10564 Athens  
Greece

## **LUXEMBOURG LISTING AGENT**

### **Deutsche Bank Luxembourg S.A.**

2 boulevard Konrad Adenauer  
L - 1115 Luxembourg  
Luxembourg

