

## BASE PROSPECTUS



# ALPHA BANK

## ALPHA BANK A.E.

(incorporated with limited liability in the Hellenic Republic)

### €8 billion Direct Issuance Global Covered Bond Programme

Under this €8 billion direct issuance global covered bond programme (the **Programme**), Alpha Bank A.E. (the **Issuer**) may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). Covered Bonds may be issued in bearer or registered form.

Application has been made to the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document as a base prospectus (the **Base Prospectus**). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. This document comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) but is not a base prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.

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

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

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €8 billion (or its equivalent in other currencies calculated as described in the Programme Agreement), subject to increase as described herein. The payment of all amounts due in respect of the Covered Bonds will constitute direct and unconditional obligations of the Issuer, in addition to having recourse to assets comprising the cover pool (the **Cover Pool**).

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

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Covered Bonds*") of Covered Bonds will be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Covered Bonds 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 Issuer has been rated Caa3 (long-term) and NP (short-term) by Moody's Investors Services, SD for both in the long and short-term rating by Standard and Poor's Rating Services (**S&P**) and RD for both in the long and short-term rating by Fitch Ratings IT. The Programme has been rated CCC+ by Fitch Ratings Limited (**Fitch**), Caa2 by Moody's Investors Service Limited (**Moody's**) and may be rated by DBRS Ratings Limited (**DBRS**). Each of Moody's, S&P, Fitch and DBRS 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, S&P, Fitch and DBRS 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. Covered Bonds 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 Covered Bonds is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. 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.

**Investing in Covered Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations in respect of the Covered Bonds are discussed under "Risk Factors" below. Please review and consider the risk factors beginning on page 37 of this Base Prospectus carefully before you purchase any Covered Bonds.**

Arrangers

**Barclays and Alpha Finance**

Dealer(s)

**Barclays and Alpha Bank A.E.**

**(or to be selected from time to time in accordance with the terms of the Programme Agreement)**

The date of this Base Prospectus is 27 January 2016

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

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

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

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

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

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

Neither the Arrangers, the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Covered Bond shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

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

The maximum aggregate principal amount of Covered Bonds outstanding at any one time under the Programme will not exceed €8 billion (and for this purpose, the principal amount outstanding of any Covered Bonds denominated in another currency shall be converted into euro at the date of the agreement to issue such Covered Bonds (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate principal amount of Covered Bonds which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement (as defined under "*Subscription and Sale*").

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

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

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

**In connection with the issue of any Series of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the 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 Series of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the**

**earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation or over allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## TABLE OF CONTENTS

	<b>Page</b>
General Description of the Programme .....	7
Risk Factors .....	37
Documents Incorporated by Reference .....	82
Terms and Conditions of the Covered Bonds.....	85
Forms of the Covered Bonds .....	124
Applicable Final Terms .....	128
Insolvency of the Issuer .....	140
Use of Proceeds .....	141
Summary of the Greek Covered Bond Legislation .....	142
The Issuer and the Group .....	145
Business of the Group .....	151
Risk Management.....	162
Directors and Management .....	173
Selected Consolidated Financial Information of the Group .....	186
Overview of the Banking Services Sector in Greece .....	189
The Mortgage and Housing Market in Greece .....	190
Regulation and Supervision of Banks in Greece .....	194
Description of the Transaction Documents .....	252
Taxation.....	274
Subscription and Sale .....	278
General Information .....	282
Index .....	284

## GENERAL DESCRIPTION OF THE PROGRAMME

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

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

### PRINCIPAL PARTIES

<b>Issuer</b>	Alpha Bank A.E. ( <b>Alpha</b> or the <b>Issuer</b> ).
<b>Arrangers</b>	Barclays Bank PLC and Alpha Finance A.E.P.E.Y. ( <b>Alpha Finance</b> ) (together the <b>Arrangers</b> and, each of them, an <b>Arranger</b> ).
<b>Dealer(s)</b>	Barclays Bank PLC and Alpha and/or any other dealers appointed from time to time in accordance with the Programme Agreement.
<b>Servicer</b>	Alpha (in its capacity as the servicer and, together with any replacement servicer appointed pursuant to the Servicing and Cash Management Deed from time to time (the <b>Servicer</b> ) will service the Loans and Related Security in the Cover Pool pursuant to the Servicing and Cash Management Deed.

The Servicer shall also undertake certain notification and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Transaction Account and cash management activities (the **Servicing and Cash Management Services**) in accordance with the Servicing and Cash Management Deed and the Greek Covered Bond Legislation, including the calculation of the Statutory Tests and the Amortisation Test. See "*Servicing and Collection Procedures*" below.

<b>Asset Monitor</b>	A reputable firm of independent auditors and accountants appointed pursuant to the Asset Monitor Agreement as an independent monitor to perform certain tests and recalculations in respect of (i) the Statutory Tests when required in accordance with the requirements of the Bank of Greece and (ii) the Amortisation Test when required in accordance with the Servicing and Cash Management Deed. The initial Asset Monitor will be Deloitte Hadjipavlou, Sofianos & Cambanis S.A. acting through its office at 3a Fragkoklissias & Granikou str., GR – 151 25 Maroussi (the <b>Asset Monitor</b> ).
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<b>Account Bank</b>	Citibank, N.A., London Branch acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB has agreed to act as account bank (the <b>Account Bank</b> ) pursuant to the Bank Account Agreement.
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In the event that the Account Bank ceases to be an Eligible Institution, the Servicer will be obliged to transfer the Transaction Account to a credit institution with the appropriate minimum ratings.

**Eligible Institution** means any bank whose long-term and short-term issuer default ratings are at least the Fitch Minimum Ratings by Fitch, whose long-

term unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Moody's Required Rating by Moody's and whose long-term and short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) by DBRS, provided that such ratings are always sufficient for the Covered Bonds to comply with Article 129(1)(c) of the Capital Requirements Regulation (EU) No.575/2013;

**Fitch Minimum Ratings** means, at any time:

- (a) If the then current ratings of the Covered Bonds by Fitch is AAA, the Fitch Minimum Rating is a long term issuer default rating of A and a short-term issuer default rating of F1;
- (b) If the then current ratings of the Covered Bonds by Fitch is AA+, AA or AA-, the Fitch Minimum Rating is a long term issuer default rating of A- and a short-term issuer default rating of F2;
- (c) If the then current ratings of the Covered Bonds by Fitch is A+, A or A-, the Fitch Minimum Rating is a long term issuer default rating of BBB+ and a short-term issuer default rating of F2;
- (d) If the then current ratings of the Covered Bonds by Fitch is BBB+, BBB or BBB-, the Fitch Minimum Rating is a long term issuer default rating of BBB- and a short-term issuer default rating of F3; or
- (e) If the then current ratings of the Covered Bonds by Fitch is BB+, BB, BB-, B+, B or B-, the Fitch Minimum Rating is equal to the then current rating of the Covered Bonds by Fitch;

**Moody's Required Rating** means a long-term, unsecured, unsubordinated and unguaranteed debt obligation rating of Baa3 by Moody's;

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

**Transfer Agent** Citibank, N.A., London Branch has been appointed pursuant to the Agency Agreement as transfer agent (the **Transfer Agent**).

**Registrar** Citibank, N.A., London Branch has been appointed pursuant to the Agency Agreement as registrar (the **Registrar**).

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

**Covered Bond** means each covered bond issued or to be issued pursuant



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

**Covered Bondholders** means the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Bearer Global Covered Bond deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or so long as Euroclear or Clearstream, Luxembourg or its nominee is the registered holder of a Registered Global Covered Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg), as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes of the trust presents other than with respect to the payment of principal or interest on such principal amount of such Covered Bonds.

**Hedging Counterparties**

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

**Listing Agent**

Banque Internationale à Luxembourg SA acting through its offices at 69 route d'Esch, Luxembourg L-2963, Luxembourg (the **Luxembourg Listing Agent**).

**Rating Agencies**

**Rating Agencies** means, in respect of each Series of Covered Bonds, such of Fitch Ratings Limited (**Fitch**), Moody's Investors Service Limited (**Moody's**) and (if any Series of Covered Bonds are rated by DBRS) DBRS Ratings Limited (**DBRS**) and any other rating agency who are rating such Series of Covered Bonds (each a **Rating Agency**).

**PROGRAMME DESCRIPTION**

**Description:**

Alpha €8 billion Direct Issuance Global Covered Bond Programme.

**Programme Amount**

Up to €8 billion (or its equivalent in other currencies determined as

described in the Programme Agreement) outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

### **Issuance in Series**

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

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

**Issue Date** means each date on which the Issuer issues a Series of Covered Bonds under the Programme, as specified in the applicable Final Terms.

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

### **Final Terms**

Final terms (the **Final Terms**) will be issued and published in accordance with the terms and conditions set out herein under "*Terms and Conditions of the Covered Bonds*" (the **Conditions**) prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series only, complete the Conditions and the Base Prospectus and must be read in conjunction with the Conditions and the Base Prospectus. The terms and conditions applicable to any particular Series are the Conditions completed by the relevant Final Terms.

### **Conditions Precedent to the Issuance of a new Series or Tranche of Covered Bonds**

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

### **Proceeds of the Issue of Covered Bonds**

The gross proceeds from each issue of Covered Bonds will be used by the Issuer to fund its general corporate purposes.

### **Form of Covered Bonds**

The Covered Bonds will be issued in either bearer or registered form, see "*Forms of the Covered Bonds*". Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and vice versa.

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

**Specified Currency** Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

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

**Redenomination** Certain Covered Bonds may be redenominated in Euro in accordance with the redenomination provisions set out in Condition 6.8. The applicable Final Terms will set out whether the redenomination provisions of Condition 6.8 are applicable to a particular Series of Covered Bonds.

**Fixed Rate Covered Bonds** The applicable Final Terms may provide that certain Covered Bonds will bear interest at a fixed rate (**Fixed Rate Covered Bonds**), which will be payable on each Interest Payment Date and on the applicable redemption date and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

**Floating Rate Covered Bonds** The applicable Final Terms may provide that certain Covered Bonds bear interest at a floating rate (**Floating Rate Covered Bonds**). Floating Rate Covered Bonds will bear interest at a rate determined:

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

as set out in the applicable Final Terms.

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

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

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

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

**Interest Period** means, in accordance with Condition 5 (*Interest*), the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

**Maximum Rate of Interest** means in respect of Floating Rate Covered Bonds the percentage rate per annum (if any) specified in the applicable Final Terms.

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

**Zero Coupon Covered Bonds**

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

**Ranking of the Covered Bonds**

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

**Taxation**

All payments of principal, interest and other proceeds (if any) on the Covered Bonds by or on behalf of the Issuer will be made free and clear of any withholding or deduction for, or on account of, any taxes, unless the Issuer is required by applicable law to make such a withholding or deduction. In the event that such withholding, or deduction is required by law, there will be no requirement to pay any additional amounts in respect of such withholding or deduction. See Condition 8 (*Taxation*).

**Status of the Covered Bonds**

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

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

### **Payments on the Covered Bonds**

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

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

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

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

### **Security for the Covered Bonds**

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

Pursuant to the Deed of Charge, security will be created for the benefit of the Trustee on behalf of the Secured Creditors in respect of the Hedging Agreements, the other English law governed Transaction Documents (other than the Deed of Charge and the Trust Deed) and the Asset Monitor Agreement.

**Secured Creditors** means the Covered Bondholders, the Trustee, any Receiver, the Asset Monitor, the Account Bank, the Agents, the Servicer, the Hedging Counterparties and any other creditor of the Issuer pursuant to any transaction document entered into in the course of the Programme;

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

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

**Charged Property** means the property, assets and undertakings charged by the Issuer pursuant to Clause 3 of the Deed of Charge together with,

where applicable, the property pledged pursuant to the Statutory Pledge.

**Cross-collateralisation and Recourse**

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

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

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

**Issue Price**

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

**Interest Payment Dates**

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

**Programme Payment Date**

The 18th calendar day of January, April, July and October of each year and if such day is not an Athens Business Day, the first Athens Business Day thereafter or, following the occurrence of an Issuer Event and for so long as an Issuer Event is continuing, the 18th calendar day of each month of each year and if such day is not an Athens Business Day, the first Athens Business Day thereafter (the **Programme Payment Date**).

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

**Redemption:**

The applicable Final Terms will indicate either that the relevant Series of Covered Bonds cannot be redeemed prior to their stated maturity or that such Series of Covered Bonds can be redeemed prior to their stated maturity for taxation reasons in the manner set out in Condition 7, or that such Covered Bonds will be redeemable at the option of the Issuer and/or the Covered Bondholders upon giving notice to the Covered Bondholders or the Issuer (as the case may be), on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Unless previously redeemed or purchased and cancelled, each Covered Bond will be redeemed by the Issuer at least 100 per cent. of its nominal value on its scheduled maturity date.

**Final maturity and extendable obligations under the Covered Bonds:**

The final maturity date for each Series (the **Final Maturity Date**) will be specified in the relevant Final Terms as agreed between the Issuer and the relevant Dealer(s). Unless specified otherwise in the Final Terms or previously redeemed as provided in the Conditions, the Covered Bonds of each Series will be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date. If the Covered Bonds are not redeemed in full on the Final Maturity Date, this will constitute an Issuer Event upon which the Covered Bonds will become Pass Through Covered Bonds with an Extended Final Maturity Date. If the Covered Bonds are not redeemed in full on the Extended Final Maturity Date, then the Trustee shall serve a Notice of Default on the Issuer pursuant to Condition 10. Following the service of a Notice of Default the Covered Bonds of each Series shall become immediately due and payable.

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

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

**Accumulation Covered Bonds**

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

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

**Pro Rata Accumulation Amount**

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

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

Where

- A = the Covered Bonds Available Funds on such Programme Payment Date minus (i) if the Pro Rata Accumulation Amount is being calculated to determine payments at paragraph (g) of the Pre-Event of Default Priority of Payments, all amounts due in respect of items (a) to (f) of the Pre-Event of Default Priority of Payments or (ii) if the Pro Rata Accumulation Amount is being calculated to determine payments at paragraph (h) of the Pre-Event of Default Priority of Payments, all amounts due in respect of items (a) to (g) of the Pre-Event of Default Priority of Payments;
- B = the Euro Equivalent of the Principal Amount Outstanding of the relevant Series of Accumulation Covered Bonds less any amount credited to the Accumulation Sub-Ledger in respect of such Series on such Programme Payment Date; and
- C = the aggregate of the Euro Equivalent of the Principal Amount Outstanding of all Pass-Through Covered Bonds and Accumulation Covered Bonds which are paid *pari passu* with the relevant Series of Accumulation Covered Bonds paid in accordance with either paragraph (g) or paragraph (h) of the Pre-Event of Default Priority of Payments, as applicable, minus any amounts standing to the credit of the Accumulation Ledger on such Programme Payment Date.

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

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

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

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

Covered Bonds may be unlisted or may be listed or admitted to trading,



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

**Clearing Systems**

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

**Selling Restrictions**

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

**Greek Covered Bond Legislation**

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

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

**Governing law**

The Servicing and Cash Management Deed, the Trust Deed, the Deed of Charge, the Agency Agreement, the Asset Monitor Agreement, the Bank Account Agreement, the Programme Agreement, each Subscription Agreement and each Hedging Agreement and any non-contractual obligations arising out of or in connection with any of them will be governed by, and construed in accordance with, English law.

The Covered Bonds and any non-contractual obligations arising out of or in connection with any of them will be governed by and construed in accordance with English law, save that the Statutory Pledge referred to in Condition 3, will be governed by and construed in accordance with Greek law.

**CREATION AND ADMINISTRATION OF THE COVER POOL**

**The Cover Pool**

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

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

**CHANGES TO THE COVER POOL**

**Optional changes to the Cover Pool**

The Issuer shall be entitled, subject to filing a Registration Statement so providing and subject to the satisfaction of the requirements in the

Servicing and Cash Management Deed, to allocate to the Cover Pool Additional Cover Pool Assets and/or remove or substitute Cover Pool Assets.

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

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

**Issuer Insolvency Event** means in relation to the Issuer:

- (a) an order is made or an effective resolution passed for the liquidation or winding up of the Issuer, except for the purposes of a reconstruction, amalgamation or merger or following the transfer of all or substantially all of the assets of the relevant entity, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Covered Bondholders (of all Series taken together as a single Series) or which has been effected in compliance with the terms of Condition 18;
- (b) the Issuer stops or threatens to stop payment to its creditors generally;
- (c) the Issuer stops or threatens to stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally;
- (d) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or over half of the assets of, the Issuer or an interim supervisor of the Issuer is appointed by the Bank of Greece or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or (in the opinion of the Trustee) a substantial part of the assets of the Issuer and in any of the foregoing cases it or he shall not be discharged within 60 days;
- (e) the Issuer is in a status of cessation of payments within the meaning of article 3 of the Greek Bankruptcy Code; or
- (f) a supervisor (Epitropos) of the Issuer is appointed in accordance

with article 137 of Law 4261/2014 or Issuer is placed in liquidation in accordance with article 1458 of Law 4261/2014.

**Greek Bankruptcy Code** means Greek Law 3588/2007.

**Minimum Credit Rating** means at least BB- by Fitch, Ba3 by Moody's and BB(low) by DBRS.

**Rating Agency Confirmation** means a confirmation in writing by Moody's that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter.

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

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

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

Following the occurrence of an Event of Default and service of a Notice of Default, the Trustee may (and shall if directed by the Covered Bondholders) direct the Servicer to dispose of part or all of the Cover Pool. The Cover Pool Assets shall include any Selected Loans which have previously been selected for disposal in relation to any Series of Covered Bonds but which have not yet been sold.

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

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

### **Representations and Warranties of the Issuer**

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

- (a) its status, capacity and authority to enter into the Transaction Documents and assume the obligations expressed to be assumed by it therein;

- (b) the legality, validity, binding nature and enforceability of the obligations assumed by it;
- (c) the existence of the Cover Pool Assets;
- (d) the absence of any lien attaching to the Cover Pool Assets;
- (e) its full, unconditional, legal title to the Cover Pool Assets; and
- (f) the validity and enforceability against the relevant debtors of the obligations from which the Cover Pool Assets arise.

### **Eligibility Criteria**

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

- (a) each Loan is an existing loan denominated in euro;
- (b) in respect of any Loan that has a principal outstanding balance exceeding €1,000,000, the inclusion of such Loan would not cause the aggregate value of all Loans in the Cover Pool with a principal outstanding balance exceeding €1,000,000 to exceed 3 per cent. of the aggregate value of the Cover Pool;
- (c) each Loan is governed by Greek law and is subject to the jurisdiction of the courts of Greece;
- (d) if any Loan has characteristics other than those pertaining to the Initial Assets (each such Loan, a **New Asset Type**), the Issuer has notified Fitch and DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS) in writing of such inclusion and received written confirmation from Moody's that if such New Asset Type is included in the Cover Pool, such inclusion of the New Asset Type by the Issuer would, taking into account any consequential amendments to this Eligibility Criteria, the Transaction Documents (including the Representations and Warranties) and the Statutory Tests, not have an adverse effect on the then current ratings of the Covered Bonds;
- (e) in respect of any Loan that is granted to an employee of the Seller (a **Staff Loan**), the inclusion of such Staff Loan would not cause the aggregate value of all Staff Loans in the Cover Pool to exceed 5 per cent. of the aggregate value of the Cover Pool;
- (f) in respect of each Loan where the purpose was for the construction of a new property, the Loan is secured against completed properties only;
- (g) each Loan is secured by a valid and enforceable first ranking mortgage and/or mortgage pre-notation over property located in Greece that is used for residential purposes;
- (h) notwithstanding (g) above, if the mortgage and/or mortgage pre-notation is lower ranking, (i) the Issuer has determined to its

satisfaction acting as a prudent mortgage lender that there are no actual claims capable of being made in connection with such prior ranking mortgages or pre-notations; or (ii) the Loans that rank higher have also been originated by the Issuer and are included in the Cover Pool;

- (i) all lending criteria and preconditions applied by the Issuer's credit policy and customary lending procedures and the "European Code of Conduct on Mortgage Loans" have been satisfied with regards to the granting of each Loan;
- (j) each Loan is fully drawn down and the Issuer is not obliged to advance any further amounts to the relevant Borrower; and
- (k) each Loan has a maturity date which falls 40 years or less after the latest Final Maturity Date to occur in relation to the Covered Bonds then in issue (the Covered Bonds in relation to which such Final Maturity Date applies being the **Latest Maturing Covered Bonds**).

**Monitoring of the Cover Pool** Prior to the occurrence of an Issuer Event, the Servicer shall verify that:

- (a) the Cover Pool satisfies the Nominal Value Test on each Calculation Date falling in January, April, July and October of each year;
- (b) the Cover Pool satisfies the Net Present Value Test on each Calculation Date falling in January, April, July and October of each year; and
- (c) the Cover Pool satisfies the Interest Cover Test on each Calculation Date falling in January, April, July and October of each year,

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

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

### **Statutory Tests**

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

### **Breach of Statutory Tests**

If on a Calculation Date any one or more of the Statutory Tests being tested on such Calculation Date are not satisfied, the Issuer must cure any breach(es) of the relevant Statutory Tests within 5 Athens Business Days, failing which an Issuer Event shall occur.

The Servicer will immediately notify the Trustee, and where the Servicer is not Alpha, the Issuer and the Trustee, of any breach of any of the

Statutory Tests.

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

### **Amortisation Test**

In addition to the Statutory Tests and pursuant to the Servicing and Cash Management Deed, after the occurrence of an Issuer Event and so long as an Event of Default has not occurred, the Cover Pool will be subject to the Amortisation Test. The Amortisation Test is intended to ensure that the Cover Pool Assets are sufficient to meet the obligations under all Covered Bonds outstanding together with senior expenses that rank in priority or *pari passu* with amounts due on the Covered Bonds.

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

The Servicer will immediately notify the Trustee and, where the Servicer is not Alpha, the Issuer and the Trustee, of any breach of the Amortisation Test.

### **Amendment to definitions**

The Servicing and Cash Management Deed will provide that the definitions of Cover Pool, Cover Pool Asset, Eligibility Criteria, Statutory Test and Amortisation Test may be amended by the Issuer (without the consent of the Trustee) from time to time as a consequence of, *inter alia*, including in the Cover Pool Additional Cover Pool Assets that are New Asset Types and/or changes to the hedging policies or servicing and collection procedures of Alpha provided that Fitch and DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS) have been notified in writing of such amendment and Moody's has provided confirmation in writing that the ratings on the Covered Bonds would not be adversely affected within 15 days of such notification by, or withdrawn as a result of such amendment. The Servicing and Cash Management Deed shall set forth the conditions for any such amendment to be effected.

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

### **Issuer Events**

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

- (a) an Issuer Insolvency Event;
- (b) the Issuer fails to pay any principal due and payable on the Covered Bonds (which shall for these purposes be deemed to include a failure by the Issuer to pay any amount representing the Final Redemption Amount of the Covered Bonds notwithstanding that the relevant Series of Covered Bonds has an Extended Final Maturity Date applicable) within a period of seven Athens Business Days or if the Issuer fails to pay interest in respect of the Covered Bonds of any Series within a period of

seven Athens Business Days from the due date thereof;

- (c) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding on it (other than any obligation for the payment of amounts due under the Covered Bonds or Coupons of any Series) under the Trust Deed, the Deed of Charge or any other Transaction Document to which the Issuer is a party which, in the opinion of the Trustee, would have a materially prejudicial effect on the interests of the Covered Bondholders of any Series, and (except where such default is or the effects of such default are, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required) such default continues for 30 days (or such longer period as the Trustee may permit) after written notice has been given by the Trustee to the Issuer requiring the default to be remedied;
- (d) any present or future Indebtedness in respect of moneys borrowed or raised in an amount of €15,000,000 or more (other than Indebtedness under this Programme) of the Issuer becomes due and payable prior to the stated maturity thereof as extended by any grace period originally applicable thereto; or if any present or future guarantee of, or indemnity given by the Issuer in respect of such Indebtedness is not honoured when called upon or within any grace period originally applicable thereto;
- (e) if there is a breach of a Statutory Test on a Calculation Date and such breach is not remedied within five Athens Business Days; or
- (f) if it is or will (in the opinion of the Trustee, having taken legal advice from a reputable firm of lawyers or a reputable legal expert) become unlawful or illegal for the Issuer to comply with any of its obligations under or in respect of the Covered Bonds or any of the Transaction Documents where such unlawfulness or illegality cannot be remedied and, in the case of an unlawfulness or illegality which can be remedied, is not remedied within 30 days after written notice has been given by the Trustee to the Issuer requiring the same to be remedied,

then (for as long as such Issuer Event is continuing) (i) no further Covered Bonds will be issued, (ii) the Servicer will procure that any and all payments due under the Cover Pool Assets are paid henceforth directly into the Transaction Account or the Third Party Collection Account (as applicable) in accordance with the Servicing and Cash Management Deed, (iii) all collections of principal and interest on the Cover Pool Assets will be dedicated exclusively to the payment of interest and repayment of principal on the Covered Bonds and to the fulfilment of the obligations of the Issuer vis-à-vis the Secured Creditors in accordance with the relevant Priority of Payments, (iv) if Alpha is the Servicer, its appointment as Servicer will be terminated and a Replacement Servicer will be appointed pursuant to the terms of the Servicing and Cash Management Deed and the Covered Bond Legislation and (v) the Servicer or, as applicable, the Replacement

Servicer, appointed pursuant to the Servicing and Cash Management Deed will be required to try and sell Loans in accordance with the provisions of the Servicing and Cash Management Deed. See "*Description of the Principal Documents*" – "*The Servicing and Cash Management Deed*".

**Authorised Investments**

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

**Servicing and collection procedures**

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

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

**ACCOUNTS AND CASH FLOW STRUCTURE:**

**Segregation Event and Collection Account**

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

Prior to the occurrence of an Issuer Event, the Servicer shall procure that all Subsidy Payments received from the OEK and/or the Greek State or any other Greek State owned entity in respect of the Subsidised Loans will be deducted from the applicable Subsidy Bank Account and paid



into the Collection Account within two Athens Business Days of receipt.

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

Prior to a reduction in the long-term senior unsecured credit rating of Alpha below the Minimum Credit Rating (such occurrence, a **Segregation Event**) or an Issuer Event, Alpha will be entitled to draw sums from time to time standing to the credit of the Collection Account in addition to any other funds available to it for any purpose including to make payments on the Covered Bonds.

Following the occurrence of a Segregation Event but prior to the occurrence of an Issuer Event, (i) all amounts deposited shall remain in the Collection Account for the benefit of the holders of the Covered Bonds and the other Secured Creditors and (ii) Alpha shall only be entitled to withdraw moneys from the Collection Account (A) to the extent that amounts standing to the credit of the Collection Account shall at all times exceed the equivalent of the aggregate of (i) any amounts on any Covered Bonds Series outstanding falling due for payment or required to be transferred before or on the following Interest Payment Date of each Covered Bond Series outstanding, provided that the Interest Payment Date falls before or on the date falling three calendar months after the date of the withdrawal (or in the case of Zero Coupon Covered Bonds, the amount by which the Amortised Face Amount on the next Programme Payment Date (provided such Programme Payment Date falls on or before the date that falls three calendar months after the date of withdrawal) exceeds the Amortised Face Amount of such Zero Coupon Covered Bond on the Programme Payment Date on the date of withdrawal, on the basis that the Accrual Yield and the Reference Price are the same on each of such date), (ii) such other payments falling due on or before the date falling three calendar months after the date of the withdrawal which rank senior to or *pari passu* with the payments on the Covered Bonds (by reference to the Pre Event of Default Priority of Payments) and/or, (iii) any sums required to be transferred to the Reserve Ledger on or before the date falling three calendar months after the date of the withdrawal, or (B) (subject to (A) above) for the purpose of transferring funds to the Transaction Account or making payments on the Covered Bonds and/or such other payments which rank senior to or *pari passu* with the payments on the Covered Bonds (by reference to the Pre Event of Default Priority of Payments).

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

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

Subsidised Loans comprised in the Cover Pool.

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

**OEK Savings Account** means the savings bank account in the name of the OEK maintained in respect of the OEK Subsidised Loans with Alpha, the Replacement Servicer or, if the Replacement Servicer is not a Credit Institution, with the Credit Institution appointed by such Replacement Servicer in accordance with Servicing and Cash Management Deed, as applicable.

**Alpha Bank BoG Account** means the bank account in the name Alpha, maintained in respect of the State Subsidised Loans with the Bank of Greece.

**Credit Institution** means a credit institution for the purposes of Greek Law 4261/2014 of the Hellenic Republic.

## **Transaction Account**

On or about the Programme Closing Date, a segregated Euro denominated account will be established with the Account Bank (the **Transaction Account**). Prior to the occurrence of a Segregation Event or an Issuer Event, Alpha will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Account, if any, that are in excess of the sum of: (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Reserve Ledger Required Amount. Following the occurrence of a Segregation Event but prior to the occurrence of an Issuer Event, Alpha shall no longer be entitled to withdraw moneys from the Transaction Account other than for purposes of making payments on the Covered Bonds and/or such payments which rank senior to or *pari passu* with the payments on the Covered Bonds (by reference to in accordance with the Pre Event of Default Priority of Payments). If Alpha's rating(s) are reinstated above the level at which a Segregation Event occurs, and so long as no Issuer Event has occurred, then Alpha will be entitled to withdraw amounts from time to time standing to the credit of the Transaction Account, if any, that are in excess of the sum of: (i) any cash amounts required to satisfy the Statutory Tests and (ii) the Reserve Ledger Required Amount.

Following the occurrence of an Issuer Event (as defined above), the Servicer shall (i) procure that within two Athens Business Days of the occurrence of such Issuer Event, all collections of principal and interest on deposit in the Collection Account (or, if applicable, the Third Party Collection Account) are transferred to the Transaction Account and (ii) provide notification to all Borrowers that any and all future payments due under the Loan Assets are henceforth to be effected directly to a bank account opened in the name of the Issuer with the Replacement Servicer, a Greek Credit Institution or a Greek branch of a foreign Credit

Institution (the **Third Party Collection Account**). The Servicer shall procure that all amounts deposited into the Third Party Collection Account shall be transferred to the Transaction Account within three Athens Business Days of receipt and provide any requisite notice to procure that this occurs. Following an Issuer Event, the Transaction Account will be used for the crediting of, *inter alia*, in respect of the Cover Pool Assets:

- (a) all amounts required to be paid to the Reserve Ledger;
- (b) any amounts received by the Issuer or the Servicer in respect of the Loan Assets and the Marketable Assets;
- (c) all Subsidy Payments received from the OEK and/or the Greek State or any other Greek State owned entity;
- (d) any amounts credited by the Issuer for effecting payments on the Covered Bonds;
- (e) any amounts deposited by the Issuer to effect an optional substitution of Cover Pool Assets (including any amount deposited by the Issuer to prevent a sale of any Loan Assets to a third party);
- (f) any amounts transferred by the Servicer in connection with the sale of Cover Pool Assets;
- (g) all amounts paid to the Issuer by the Hedging Counterparties under the Hedging Agreements (other than Swap Collateral Excluded Amounts (if any)); and
- (h) all amounts deriving from maturity or liquidation of Authorised Investments.

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

Following the occurrence of an Issuer Event, the Issuer (or the Servicer on its behalf) shall transfer any amounts it receives in respect of any Cover Pool Assets (including any Subsidy Payments) to the Transaction Account within two Athens Business Days of receipt. See "*Description of the Principal Documents*" – "*The Servicing and Cash Management Deed*".

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

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

**Reserve Ledger Required Amount** means an amount calculated as at each Calculation Date equal to the amount that will be required to be

paid by the Issuer in respect of the Covered Bonds in respect of interest (in respect of those Covered Bonds where there is no Swap Agreement in place and all amounts to be paid to a Covered Bond Swap Provider (in respect of those Covered Bonds where there is a Swap Agreement in place) (other than any principal exchange amounts)) and all amounts paid to the other Secured Creditors for the immediately following 6 month period from and including the Programme Date to which such Calculation Date relates.

## **Event of Default**

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

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

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

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

Following the service of a Notice of Default, the Trustee shall be entitled to direct the Servicer to dispose of part or all of the Cover Pool Assets. See "*Description of Principal Documents - Servicing and Cash Management Deed*".

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

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

- (a) *first*, in or towards satisfaction of all amounts then due and payable or to become due and payable prior to the next Programme Payment Date to the Trustee or any Appointee (including remuneration or amounts by way of indemnity payable to it) under the provisions of the Trust Deed or any other Transaction Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein;
- (b) *second*, to pay *pari passu* and *pro rata*, according to the

respective amounts thereof, any additional fees, costs, expenses and taxes due and payable on the Programme Payment Date or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date to the Trustee or any Appointee in order to fund any notice to be given to any parties in accordance with any of the Transaction Documents or to the Covered Bondholders in connection with the assignment and/or collection and/or management of the Cover Pool Assets;

- (c) *third, pari passu* and *pro rata* according to the respective amounts thereof, to pay all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, to the Account Bank and the Agents under the Bank Account Agreement and the Agency Agreement, respectively;
- (d) *fourth, pari passu* and *pro rata*, according to the respective amounts thereof, (i) to pay the Servicer an amount equal to any amount representing the cost of Levy in respect of such Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy, and (ii) to pay all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (and for which payment has not been provided for elsewhere in this Pre Event of Default Priority of Payments), to any Secured Creditors other than the Account Bank, the Agents, the Hedging Counterparties and the Covered Bondholders and Couponholders;
- (e) *fifth, pari passu* and *pro rata*, according to the respective amounts thereof (a) to pay all amounts of interest due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date on any Covered Bonds and Coupons and (b) to pay any amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date under any Hedging Agreement other than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (f) *sixth*, for so long as any Covered Bonds remain outstanding, to credit the Reserve Ledger with an amount equal to the difference between the Reserve Ledger Required Amount and the amount standing to the credit of the Reserve Ledger after having made the payments under paragraphs (a) to (e) above;
- (g) *seventh*, pay *pro rata* and *pari passu* (where such Series of Pass-Through Covered Bonds has an Extended Final Maturity Date that falls within 6 months of the relevant Programme Payment Date), principal in respect of each Series of

Pass-Through Covered Bonds then outstanding on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (if any) on any such Series of Pass-Through Covered Bonds;

- (h) *eighth*, to pay *pari passu* and *pro rata*, (A) (where such Series of Pass-Through Covered Bonds has an Extended Final Maturity Date that does not fall within 6 months of the relevant Programme Payment Date) principal in respect of each Series of Pass-Through Covered Bonds then outstanding on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (if any) on any such Series of Pass-Through Covered Bonds, and (B) in respect of any Accumulation Covered Bonds (or any Series of Covered Bonds which will become Accumulation Covered Bonds prior to the next following Programme Payment Date) to credit the relevant Accumulation Sub-Ledger with the Pro Rata Accumulation Amount;
- (i) *ninth*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Account, or, as applicable, be deposited in the Transaction Account (provided such amount has not already been credited to the Accumulation Sub-Ledger in accordance with paragraph (g) above);
- (j) *tenth*, if no Covered Bonds remain outstanding, to pay *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date to any Hedging Counterparties arising out of any Subordinated Termination Payment; and
- (k) *eleventh*, if no Covered Bonds remain outstanding, to pay any excess to the Issuer.

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

#### **Covered Bonds Available Funds**

Following the occurrence of an Issuer Event, payments on the Covered Bonds will be made from the Covered Bonds Available Funds in

accordance with the Pre Event of Default Priority of Payments.

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

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

For the avoidance of doubt:

- (i) should there be any duplication in the amounts included in the different items of the Covered Bonds Available Funds above, the Servicer shall avoid such duplication when calculating the Covered Bonds Available Funds; and
- (ii) the Covered Bonds Available Funds will not include: (A) any early termination amount received by the Issuer under a Hedging Agreement, but only to the extent that such amount is to be applied in acquiring a replacement Interest Rate Swap or Covered Bond Swap (as applicable); (B) any Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Hedging Agreement, to reduce the amount that would otherwise be payable by the Hedging Counterparty to the Issuer on early termination of the Interest Rate Swap or Covered Bond Swap (as applicable) and, to the extent so applied in reduction of the amount otherwise payable by the Hedging Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap; (C) any premium received by the Issuer from a replacement Hedging Counterparty in respect of a replacement Interest Rate Swap or a Covered Bond Swap, to the extent it is to be used to make any termination payment due and payable by the Issuer with respect to the previous Interest Rate Swap or Covered Bond Swap; and (D) any tax credits received by the Issuer in respect of an Interest Rate Swap or Covered Bond Swap (as applicable) used to reimburse the relevant Hedging Counterparty for any gross-up in

respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Interest Rate Swap or Covered Bond Swap (as applicable).

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

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

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

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

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

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



connection with the Transaction Documents and/or the Covered Bonds for the purpose of protecting the interests of the Covered Bondholders and/or the other Secured Creditors;

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

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

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

## **Servicing and Cash Management Deed**

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

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

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

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

**Programme Closing Date** means 20 May 2010.

See "*Description of Principal Documents – Servicing and Cash Management Deed*".

#### **Asset Monitor Agreement**

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

#### **Trust Deed**

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

#### **Deed of Charge**

The Issuer shall, where necessary, assign its rights arising under the Hedging Agreements, the other English law governed Transaction Documents (other than the Deed of Charge and the Trust Deed) and the Asset Monitor Agreement (the **Deed of Charge**).

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

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

The Deed of Charge and any non-contractual obligations arising out of or in connection with it shall be governed by English Law (except in relation to the Statutory Pledge which shall be governed by and construed in accordance with Greek law).

#### **Agency Agreement**

Under the terms of an agency agreement entered into on the Programme Closing Date between the Issuer, the Agents and the Trustee (as amended and/or supplemented and/or restated from time to time, the

**Agency Agreement**), the Agents have agreed to provide the Issuer with certain agency services and the Paying Agents have agreed, *inter alia*, to make available for inspection such documents as may be required from time to time by the rules of the Luxembourg Stock Exchange and to arrange for the publication of any notice to be given to the Covered Bondholders.

### **Bank Account Agreement**

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

### **Hedging Agreements**

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

The Hedging Agreements and any non-contractual obligations arising out of or in connection any of them shall be governed by English Law.

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

**Interest Rate Swap Agreement** means each agreement between the Issuer, the relevant Interest Rate Swap Provider and the Trustee governing the Interest Rate Swap in the form of an ISDA Master Agreement, including a schedule and one or more confirmations and a credit support annex.

**Covered Bond Swap Agreement** means each agreement between the Issuer, a Covered Bond Swap Provider and the Trustee governing any Covered Bond Swaps in the form of an ISDA Master Agreement, including a schedule and one or more confirmations and any credit support annex.

### **Transaction Documents**

The Servicing and Cash Management Deed, the Programme Agreement, each Subscription Agreement, the Agency Agreement, the Trust Deed, the Deed of Charge, the Bank Account Agreement, the Asset Monitor Agreement, the Master Definitions and Construction Schedule, each of the Final Terms, each Registration Statement, the Conditions, the

Covered Bonds, the Coupons, the Hedging Agreements, any agreement entered into with a new Servicer, together with any additional document entered into in respect of the Covered Bonds and/or the Cover Pool and designated as a Transaction Document by the Issuer and the Trustee, are together referred to as the **Transaction Documents**.

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

## **Investor Report**

On the Athens Business Day which falls three Athens Business Days prior to each Programme Payment Date (each an **Investor Report Date**), the Servicer will produce an investor report (the **Investor Report**), which will contain information regarding the Covered Bonds and the Cover Pool Assets, including statistics relating to the financial performance of the Cover Pool Assets for the immediately preceding Collection Period. Such report will be available to the prospective investors in the Covered Bonds and to Covered Bondholders on Bloomberg and on the Issuer's website [www.alphabank.gr](http://www.alphabank.gr).

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

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

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

## RISK FACTORS

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

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

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

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

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

*Negative Economic developments and the extended financial and economic crisis in the Hellenic Republic have had, and are likely to continue to have, a material adverse effect on the Issuer's business, financial conditions, results of operations and prospects.*

Uncertainty resulting from the Hellenic Republic's financial and economic crisis has had and is likely to continue to have a significant adverse impact on the Group's business.

The development of the Group's assets, business, results of operations, financial condition and prospects depends on the macroeconomic and political conditions in Greece. As of 30 September 2015, 84.5% of the Group's total net loans and 82.5% of the net interest income were derived from operations in the Hellenic Republic and as at 30 September 2015 the loan, investment securities and derivatives exposure to the Greek public sector amounted to €5.5 billion. Over the last seven years, the Hellenic Republic has faced significant pressure on its public finances and has committed to certain substantial structural measures intended to restore competitiveness and promote economic growth in the country, as part of the adjustment programs, agreed initially with the International Monetary Fund (**IMF**), the EU and the ECB (collectively referred to as the **Institutions**) and in 2015 with the Institutions and the European Stability Mechanism (**ESM**) (jointly, the **Stabilization Programs**).

In order to enhance the 2015 fiscal adjustment policies of the Hellenic Republic, the programme of voluntary exchange of Greek government bonds was completed in April 2012 (**PSI**), pursuant to which the PSI private investors were offered the opportunity to exchange certain eligible bonds issued or guaranteed by the Greek government for new bonds. The PSI resulted in the decrease of the Greek debt and in conjunction with the Stabilization Programmes, the Hellenic Republic gained more time to implement fiscal adjustment policies and growth-enhancing structural reforms.

The Greek debt burden declined as a result of the PSI and the completion of the second buy-back of Greek government bonds by the Hellenic Republic in December 2012 (the **Buy-back**), the restructuring of interest

payments under loans owing to the European Financial Stability Facility (**EFSF**) and the further interest rate decrease of official sector loans granted to Greece, until 2012.

The Stabilisation Programs were originally due to expire at the end of 2014. However, due to the sudden national elections declared in Greece for January 2015, on 8 December 2014 the Eurogroup announced a two-month "technical extension" of the Stabilisation Programmes until the end of February 2015. On 20 February 2015, the Eurogroup agreed to a further four-month extension of the Stabilisation Programmes to allow for the successful completion of the pending review of the last program, which was a condition precedent required for any further disbursement under the Stabilisation Programmes, as well as the agreement of a new financial support programme.

The uncertainty relating to the implementation of the Stabilisation Programmes and Greece's prospects within the Eurozone, and the prolonged negotiations between the Hellenic Republic and the Institutions for a new financial programme from February 2015 until late in June 2015, directly affected the capital levels, liquidity and profitability of the financial system of the Hellenic Republic and consequently of the Issuer. The limited liquidity in the Greek banking system has led to heavy reliance on funding from the **ELA** (defined below) and the ECB (collectively the **Eurosystem**).

Late in June 2015, a bank holiday was declared on banking business in Greece for three weeks and capital movement restrictions were imposed as a result of further deterioration of the financial situation in Greece and liquidity shortfall in the Greek banking system (caused by the expiration of the Stabilisation Programmes), a payment default by the Greek Government under its IMF Facility and the failure of the Greek government to reach an agreement with the IMF and the rest of the Eurozone members for a new financial support programme.

After further negotiations, on 8 July 2015 the Hellenic Republic submitted to ESM a request for three years of funding in the framework of a new Programme of Economic Adjustment. On 12 July 2015 the Euro Summit issued an announcement whereby the Hellenic Republic should vote for a number of measures as prerequisites for the commencement of negotiations with a view to entering into a new Programme of Economic Adjustment in the framework of ESM.

On 15 and 23 July the Greek Parliament voted a part of the prerequisites as above and on 14 August 2015 and following prolonged negotiations, the Eurogroup announced (the **Eurogroup Announcement**) that the Greek Government managed to reach an agreement with the Institutions, with input from the IMF, for a new financial support programme of approximately €86 billion granted by the ESM (the **ESM Programme**). As per the Eurogroup Announcement, under the ESM Programme, Greece will target a medium-term primary surplus of 3.5% of GDP with a fiscal path of primary balances of negative 0.25% in 2015, 0.5% in 2016, 1.75% in 2017 and 3.5% in 2018 to be achieved notably through upfront parametric fiscal reforms supported by measures to strengthen tax compliance and fight tax evasion. Further, Greece is required to implement a number of structural reforms, including key labour and product market reforms designed to open up the economy to investment and competition, as well as to modernize and depoliticize the public sector.

The new ESM Programme also includes an envelope of up to €25 billion for the recapitalization of the Greek systemic banks, which was made available to Greek systemic banks on the basis of their recapitalization needs pursuant to the Asset Quality Review (**AQR**) and stress testing completed by the Single Supervisory Mechanism (**SSM**) on 31 October 2015.

The implementation of the ESM Programme on the Greek economy, the capital movement restrictions which had originally been imposed in June 2015 and which were subsequently gradually relaxed in mid-July 2015 and subsequently on several occasions, including 31 July 2015, 17 August 2015 and 25 September 2015 (see section entitled "*Regulation and Supervision of Banks in Greece*") contributed to the decrease of uncertainty and the stabilization of the private sector deposit withdrawals. While deposit levels have stabilized as a result of the implementation of capital controls, uncertainty regarding the ESM Programme and

recapitalization of the Greek banks is likely to mean that inflows are not likely in the near term and banks may continue to experience outflows.

*Recessionary pressures in Greece stemming from the Stabilisation Programme have had and may continue to have an adverse effect on the Issuer's business*

The Group's business activities are dependent on the level of banking, finance and financial products and services offered, as well as customers' capacity to repay their liabilities. In particular, the levels of savings and credit demand are heavily dependent on customer confidence, employment trends and the availability and cost of funding.

The decline in GDP by 24.3 per cent. from the fourth quarter of 2008 until the fourth quarter of 2014 has resulted in significantly reduced disposable income, spending and debt repayment capacity of the Greek private sector. The financial recession in the Hellenic Republic materially and adversely affected the liquidity, business activity and financial condition of borrowers, which in turn led to increases in non-performing loans (NPLs), impairment charges on the Issuer's loans and other financial assets and decreased demand for borrowings in general and increased deposit outflows.

In 2014, the Greek economy after six years of extended recession showed signs of GDP increase by 0.7%, against 3.2% decrease in 2013. However, in the first six months of 2015 uncertainty over the Greek economy and the implementation of the Stabilisation Programmes, resulting from the prolonged negotiations between the Greek government and the Institutions, reappeared, as a result of the prolonged negotiations between the Greek government and the Institutions. The loss of confidence exacerbated the economic sentiment indicators and private sector financing conditions, causing a significant outflow of deposits in the Greek banking sector of approximately €48 billion from 30 September 2014 to 30 September 2015.

In the current economic environment, especially following the June 2015 bank holiday and imposition of capital movement restrictions, loan portfolios have declined and may continue to decline, leaving only a limited number of high credit quality customers. Additionally, the Issuer's NPL ratio (defined as non-performing loans divided by total loans and receivables before impairment at the end of the period), which stood at 33.0% as of 31 December 2014, increased to 36.5% as of 30 September 2015. Additional increases in non-performing loans stemming from recent events are likely to be seen later this year and throughout next year. Should GDP continue to decline, further increases in non-performing loans are likely. The decline in loan portfolios, in combination with an increase in non-performing loans, may result in decreased net interest income, and this could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. Also, the Group's NPEs percentage (i.e. serviced financings towards total of loans and claims before impairments at the end of the period) amounted to 49.9% as of 30 September 2015 compared to 46.1% as of 31 December 2014.

The current capital controls environment in Greece could potentially lead to further difficulties of payments between corporates, which could lead to additional provisioning requirements for banks. Similarly, there can be no assurance that the lifting of capital controls in Greece will not result in an increase of deposit outflows from the Issuer or the banking sector in Greece. The majority of the fiscal adjustments is expected to burden taxpayers in the fourth quarter of 2015, which may trigger further recessionary pressure as well as difficulties for the banking sector.

New loans to businesses and households are expected to remain subdued in the Group in general, as the decrease in household disposable incomes and firms' profitability from the fiscal adjustment measures, as well as the resulting deterioration in the business environment against a backdrop of tighter credit criteria and stressed liquidity conditions, are likely to continue to impair further demand for credit. In addition, the need to reduce dependency on Eurosystem funding may not allow the reversal of deleveraging, especially if the growth of deposits does not follow any future improvement in economic activity and increased

confidence in the banking system. Moreover, customers may decrease their interest in non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect fee and commission income. In addition, in the event of continued market turmoil, worsening macroeconomic conditions and increasing unemployment, coupled with declining consumer spending and business investment and the worsening credit profile of corporate and retail borrowers, the value of assets collateralising secured loans, including houses and other real estate, could decline significantly. Such a decline could result in impairment of the value of the Issuer's loan assets or an increase in the level of non-performing loans, either of which may have a material adverse effect on business, financial condition, results of operations and prospects. Finally, if the ESM Programme is not implemented successfully or if additional austerity measures beyond those agreed to in the ESM Programme are required to counterbalance potential deviations from the Stabilisation Programme's targets, economic activity may experience a sharper drop than expected, resulting in a further delayed recovery and a further adverse effect on business financial condition, results of operations and prospects of the Group.

*The Issuer is currently restricted in its ability to obtain funding in the capital markets and from other sources and is heavily dependent on the ECB for funding*

The on-going economic crisis in Greece has adversely affected the Issuer's credit risk profile of systemic Greek banks, including the Issuer, and have restricted its access to the international markets for funding, increased the cost of such funding and the need for additional collateral requirements in customer repurchase contracts and other secured funding arrangements, including those with the Eurosystem. Concerns relating to the on-going impact of these conditions may further restrict the Issuer's ability to obtain funding in the capital markets in the medium term. Since the end of 2009, the severity of pressure experienced by the Hellenic Republic in its public finances has restricted the access of the Issuer to the capital markets for funding because of concerns by counterparty banks and other lenders, particularly for unsecured funding and funding from the short-term inter-bank market. As a result, maturing inter-bank liabilities have not been renewed, or have been renewed only at higher costs. In addition, deposit outflows beginning in late 2009 and lasting through to June 2012 and recommencing in late 2014, continue to put pressure on the liquidity position of many Greek banks thereby requiring increased reliance on Eurosystem funding. In 2014, the Hellenic Republic and the four systemic banks re-entered the debt capital markets for the first time since 2009 and issued medium-term senior bonds. In June 2014, the Issuer issued three-year senior notes of €500 million with a coupon of 3.375%. However, at the end of 2014 and early 2015 the positive market sentiment reversed and the Hellenic Republic risk re-emerged, resulting in an increased need for funding from Eurosystem funding mechanisms.

The last five years while the Issuer had limited access to capital markets, the Issuer's funding has relied on Eurosystem funding comprising ECB funding and ELA funding (i.e. funding through the Emergency Liquidity Assistance Scheme by the Bank of Greece), which carries a higher rate of interest, 1.55% compared to 0.05% for ECB funding), has increased since the start of the crisis. As at 30 September 2015, the Issuer's Eurosystem funding amounted to €27.1 billion, comprising of €4.9 billion of ECB funding and €22.2 billion of ELA funding. In addition, if the ECB was to revise their collateral standards or increase the rating requirements for collateral securities such that these instruments were not eligible to serve as collateral with the ECB, the Issuer's funding costs could significantly increase and its access to liquidity could be limited. For example, this occurred in the second half of 2012, when the ECB revised its collateral standards which resulted in the Issuer being unable to access ECB funding and being forced to utilise funding from the ELA, significantly increasing the Issuer's cost of funding due to the higher interest rate of ELA funding compared with ECB funding. The ECB decided on March 2012 to place time limitations (i.e. until the end of February 2015) on the use of Greek government guaranteed securities as eligible collateral. In addition, covered bonds can be used as collateral with the ECB and the ELA. Covered bonds may also become ineligible for use as collateral in the future, as a result of further credit ratings downgrades or changes in ECB or ELA rules currently permitting this collateral. Any downgrade or withdrawal of Greek sovereign ratings would likely have a material adverse effect on the Issuer's ability to continue to access current levels of funding from the ECB, the ELA or from any other source. On 10 February 2015, ECB announced that the



conditions for the granting of a suspension of the Eurosystem's minimum requirements for credit quality thresholds applicable to marketable debt instruments issued or fully guaranteed by the Hellenic Republic were no longer in place. More specifically, the Governing Council determined that the Hellenic Republic was no longer deemed to be in compliance with the conditionality of the Stabilisation Programme. Consequently, the Eurosystem's credit quality thresholds in respect of marketable debt instruments issued or fully guaranteed by the Hellenic Republic became applicable as of 11 February 2015, meaning that Greek government issued and guaranteed bonds were no longer accepted as eligible collateral. This has led to an increase of the Issuer's funding through the ELA.

In June 2015, following its earlier measures, ECB increased the haircuts on certain categories of ELA eligible collateral further adding pressure on the collateral buffer.

Increased need for additional Eurosystem funding may result in the exhaustion of the available collateral eligible for funding from the Eurosystem, which as of 30 September 2015 amounted to €2.8 billion compared to €7.0 billion as of 31 December 2014 and may lead to funding difficulties for the Group.

*An accelerated outflow of funds from customer deposits could cause an increase in the Issuer's costs of funding and have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects*

Historically, one of the Issuer's principal sources of funds has been customer deposits. If depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, or if the Issuer is unable to obtain the necessary liquidity by other means, it would be unable to maintain current levels of funding without incurring significantly higher funding costs or having to liquidate certain assets, or without increasing access to the Eurosystem under its then-current terms.

Despite a stabilisation in deposit volumes witnessed for most of 2014, the prevailing uncertainty regarding the Greek economy and banking sector described above resulted in significant outflows of deposits commencing in late 2014 and continuing through 2015 up to June 2015 (inclusive), when a bank holiday was imposed and capital movement restrictions were imposed on the Greek banking system. According to Bank of Greece, deposit outflows in the Greek banking system reached €48 billion between 30 June 2014 and 30 June 2015. The outflows of deposits at the Group amounted to €13.1 billion between 30 September 2014 and 30 September 2015.

The on-going availability of customer deposits to fund the Issuer's loan portfolio is subject to potential changes in certain factors outside the Issuer's control, such as depositors' concerns relating to the economy in general, the political environment, the financial services industry, the Greek banking sector or the Group specifically as well as the increasing fiscal obligations of depositors, leading them to withdraw their funds, including for example, in connection with the payment of taxes which usually increase during the last quarter of the year. Depositors concerns also address, the risk that as a result of the implementation of the Bank Recovery and Resolution Directive (the BRRD, Directive 2014/59/EU on the Bank Recovery and Resolution of credit institutions and investment firms) depositors with accounts in excess of €100,000 may be required to bear losses above that amount should bail-in measures be imposed, the restrictions on the free movement of funds imposed in June 2015, and concerns about possible future capital controls and/or initiatives for taxation of deposits, significant further deterioration in economic conditions in Greece and the availability and extent of deposit guarantees. Any of these factors separately or in combination could lead to a sustained reduction in the Group's ability to access customer deposit funding on appropriate terms in the future, which would impact the Group's ability to fund its operation and meet its minimum liquidity requirements and have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Even in the event that capital controls are completely lifted, continuing depositor concerns and lack of confidence in the Greek banking sector may have a negative effect on the level of deposit inflows back to the banking system. Although the outflow of customer deposits and imposition of capital controls have had a positive financial impact on the cost element of deposits (as interest rates payable on deposits have reduced),

such deposit outflow has increased the Issuer's need to rely on non-market funding sources with increased cost such as ELA.

*The transposition of the Bank Recovery and Resolution Directive may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects*

The Bank Recovery and Resolution Directive (the **BRRD**, Directive 2014/59/EU on the Bank Recovery and Resolution of credit institutions and investment firms), which entered into force in EU member states as of 1 January 2015 and was transposed into Greek law on 23 July 2015 by virtue of law 4335/2015, established rules designed to harmonize and improve the tools for dealing with bank crises across the EU to ensure that shareholders, creditors and unsecured depositors mandatorily participate in the recapitalization and/or the liquidation of troubled banks. Such mandatory participation shall be through the so-called bail-in (and conversion and write down) tool, introduced under the BRRD. The BRRD provides that the bail-in tool should be brought into effect no later than 1 January 2016, introducing a minimum harmonization approach, which means that EU Member States may enact this tool earlier. However further to the recent amendment of law 4335/2015 by virtue of law 4340/2015, such bail-in tool has already been adopted in Greece. Under the bail-in tool there is a strict requirement for contribution to loss absorption and recapitalization of the failing bank by its private sector investors and creditors as they occur on the moment the tool is adopted as per a valuation prepared according to art. 36 of BRRD. As of 1 January 2006, such participation is not less than 8% of the total liabilities (including own funds) of the banking institution. The BRRD imposes a specific "waterfall" as to such burden sharing, starting from common shareholders to subordinated debt holders and up to eligible for bail-in senior creditors. Certain senior creditors however are ineligible for bail-in (including individual depositors with accounts up to €100,000 (the amount covered by the guarantee scheme)).

As such, it is difficult to anticipate the full impact of the BRRD and there can be no assurance that, once implemented, shareholders and potential investors will not be adversely affect by actions taken under it. The implementation of the BRRD may result in a loss of customer confidence in the countries in which we operate and cause further outflows of deposits from the banking system. See also "*- Our business is subject to increasingly complex regulation which may increase our regulatory and capital requirements*" and "*- A rapid increase in outflow of funds from customer deposits could cause an increase in our costs of funding and have a material adverse effect on our business, financial condition, results of operations and prospects*". Also, in light of the fact that bonds and securities issued by the Issuer in the future may be a part of the bail-in tool, this prospect may have a significant adverse effect on our capacity to secure funding in the capital markets through securities issuance.

Moreover, as a precautionary measure in the context of the BRRD and prior to the submission of a credit institution to resolution measures, the resolution authority is empowered to impose various measures on Greek credit institutions, including the implementation of one or more of the arrangements or measures set out in the recovery plan, the convocation of a meeting of shareholders of the institution and set the agenda and require certain decisions to be considered for adoption by the shareholders, the removal or replacement of one or more or even all of the members of the management body or the senior management, the change in the institution's business strategy.

There can be no assurance that, once the powers of the relevant resolution authority for the bail-in tool under the BRRD are brought into full effect this may affect the confidence of our depositor's base and so may have a significant impact on our results of operations, business, assets, cash flows and financial condition, as well as on our funding activities and the products and services we offer.

*Negative results in the Group's stress testing conducted by the ECB may have an adverse effect on the public's confidence in the Group, the funding cost and consequently may adversely affect its business, financial condition, results of operations and prospects.*

Stress tests analysing the European banking sector have been, and the Issuer anticipates that they will continue to be, published by national and supranational regulatory authorities. Further, part of new ESM Programme, the SSM conducted a new AQR and stress testing of the Greek systemic banks, the results of which were announced on 31 October 2015. In aggregate, the capital shortfall under the baseline scenario for all four systemic banks was determined at €4.4 billion and at €14.4 billion under the adverse scenario. Recapitalisation requirements of the Issuer, determined under this new AQR were zero and stress testing for the adverse and baseline scenarios were determined to be €2,563 million and €262.6 million, respectively, following the approval by the ECB of the Issuer's capital raising plans on 13 November 2015 and the related reduction of the adverse scenario capital shortfall by €180 million from the originally announced €2,743 million. The Issuer satisfied its shortfall under the baseline and adverse scenarios through raising of capital from private investors, (a) existing creditors, through voluntary exchange of their bonds for new shares, and (b) new investors. Following the AQR, the Issuer will assess the need for additional asset quality review-related impairments in the fourth quarter of 2015.

Further, asset quality reviews and stress testing exercises in countries where the Group operates are currently taking place or may take place in the future, creating additional capital requirements. Indicatively, in the context of the memorandum of Financial and Economic Stability between the Republic of Serbia and the International Monetary Fund, a comprehensive assessment is currently conducted of the banks operating in Serbia, the results of which will be announced within the first quarter of 2016. However, a loss of confidence in the banking sector following the announcement of any stress tests that take place from time to time regarding the Group or the Greek banking system as conducted in accordance with the legislative framework in force, or a market perception that any such stress tests are not rigorous enough, could also have a negative effect on the Group's cost of funding and may thus have a material adverse effect on its results of operations and financial condition.

*Wholesale borrowing costs and access to liquidity and capital have been negatively affected by a series of downgrades of the Hellenic Republic's credit rating*

The downgrade of the credit rating of the Issuer or the Hellenic Republic may adversely affect the access to funding sources. Negative publicity following a credit rating downgrade may have an adverse effect on depositors' sentiment, which may increase dependence on Eurosystem funding. The Issuer is currently severely restricted in its ability to obtain funding in the capital markets and is heavily dependent on the Eurosystem for funding, and any further reductions in the long-term credit ratings of the Issuer could delay the Issuer's return to the capital and interbank markets for funding, increase borrowing costs and/or restrict the potential sources of available funding available to the Issuer. It could also, coupled with the deterioration of the market conditions, lead to higher spreads on bonds and have an adverse effect on the Issuer's ability to use its collateral to secure funding.

Since 2009, the Hellenic Republic has undergone a series of downgrades in its credit rating and in 2010 it was downgraded to high risk. The credit rating of the Hellenic Republic was downgraded from all three rating agencies in rating just above default after the activation of the collective action provisions in the Greek Government bonds governed by Greek Law in late February 2012. In particular, the credit rating of the Hellenic Republic declined to Selective Default-SD from Standard & Poor's (27 February 2012) and Restricted Default-RD by Fitch (9 March 2012) and in C by Moody's (2 March 2012). After the completion of the exchange of the Hellenic Republic bonds, Fitch improved the rating to B- on 13 March 2012 and Standard & Poor's to CCC on 2 May 2012. Subsequently, on 17 May 2012, Fitch lowered the credit rating of the Hellenic Republic to CCC due to the upcoming general elections.

In December 2012 Standard & Poor's downgraded the credit rating of the Hellenic Republic to Selective Default after an invitation to the private bondholders of the Hellenic Republic to participate in the

Repurchase but on 18 December 2012 and after the completion of the Repurchase auction, upgraded the long-term credit rating of Hellenic Republic by 6 notches to B- and short-term to B with a stable outlook, stating that the update is done on the basis of the strong decisiveness of the Eurozone countries to ensure the maintenance of Greece within the Eurozone and the Government's commitment to achieve fiscal consolidation. On 14 May 2013, Fitch upgraded the credit rating of the Hellenic Republic to B- and B on 23 May 2014. On 29 November 2013 Moody's upgraded the credit rating of the Hellenic Republic by 2 notches to Caa3 with a stable outlook. In addition, on 1 August 2014, it further upgraded the credit rating of the Hellenic Republic to Caa1. On 12 September 2014, Standard & Poor's upgraded the credit rating of the Hellenic Republic to B.

Political uncertainty increased financing needs and the extended negotiations for the successful completion of the last evaluation of the Program resulted in a new round of downgrades. On 27 March 2015 Fitch downgraded the credit rating of the Hellenic Republic to CCC. On 30 June 2015, Fitch downgraded the Greek economy to CC while on 18 August 2015 made an upgrade to CCC. In early 2015, Standard & Poor's proceeded to successive downgrades: on 28 January 2015 to B, on 6 February 2015 to B- with a negative outlook, on 15 April 2015 to CCC+, on 29 June 2015 at CCC-, while on 21 July 2015 made an upgrade to CCC+. On 6 February 2015 Moody's assessed the credit rating of the Hellenic Republic as negative, then downgraded to Caa2 on 29 April 2015 and Caa3 with a negative outlook on 1 July 2015.

The completion of negotiations with lenders, the disbursement of the first instalment of the new loan, the payment of the bonds held by the ECB and the convocation of the new elections did not affect the credit rating of the Hellenic Republic. In September 2015, the ratings of the Hellenic Republic per rating agency were as follows: Moody's: Caa3, Standard & Poor's: CCC+ and Fitch: CCC.

In September 2015, Moody's downgraded the long-term senior and subordinated debt ratings of Greek banks while confirming the long-term deposit ratings with negative outlooks reflecting the expectation that junior and senior debt holders will be bailed-in and sustain material losses as part of the recapitalization process. On 2 November 2015, Standard & Poor's Ratings lowered its long-term counterparty credit rating of the Issuer to D from SD. The downgrade follows the Issuer's announcement of the launch of the Exchange Offers that, according to Standard & Poor's, constitutes a "distressed exchange" as it implies that investors will receive less value than the promise of the original securities. For information on the Issuer's credit ratings, please see the cover page of the Base Prospectus.

Any further downgrades in the credit rating of the Issuer or the Hellenic Republic may adversely affect the Group's access to funding sources, business, financial positions and prospects.

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

The global economic slowdown and economic crisis in Greece from 2009 to 2015 have resulted in an increase in non-performing loans and significant changes in the fair values of the Issuer's financial assets. A substantial portion of the Group's loans to corporate and individual borrowers are secured by collateral such as real estate, securities, vessels, term deposits and receivables. In particular, as mortgage loans are one of the Issuer's principal assets, the Issuer is currently highly exposed to developments in real estate markets, especially in Greece. From 2002 to 2007, demand for housing and mortgage financing in Greece increased significantly, driven by, among other things, economic growth, declining unemployment rates, demographic and social trends and historically low interest rates in the Eurozone. In late 2007, the housing loan market in Greece began to be affected by excess supply, higher interest rates and an accelerated decline in household disposable income. Construction activity has contracted sharply since 2009. Housing prices began decreasing in 2009 and these decreases continued through into 2015 due to further contraction of disposable income and high supply of houses available for sale.

Decreases in the value of collateral to levels lower than the outstanding principal balance of the corresponding loans, in particular with respect to loans granted in the years prior to the Greek economic

crisis, the inability to provide additional collateral, the continued downturn of the Greek economy or the deterioration of the financial conditions in any of the sectors in which the Issuer's debtors conduct business, may result in further impairment losses and provisions to cover credit risk.

A decline in the value of collateral may also result from deterioration of financial conditions in Greece or the other markets where the provided collateral is located. In addition, failure to recover the expected value of collateral in the case of foreclosure, or inability to initiate foreclosure proceedings due to domestic legislation, may expose the Issuer to losses which could have a material adverse effect on business, results of operations and financial condition. Specifically, pursuant to the pre-existing legal framework, foreclosures initiated by credit institutions on real property used as a primary residence and whose value, as determined by law, was lower than €200,000 were forbidden to the extent that certain conditions concerning the income and overall financial position of the borrower were met until 31 December 2014. Further, as a result of the imposition of capital movement restrictions a general moratorium on enforcement was imposed until 31 October 2015. Furthermore, by virtue of a new law passed by the Hellenic Parliament on 19 November 2015, protection from foreclosure on real property used as primary residence, effective from 1 January 2016 until 31 December 2018, will be introduced. This protection is available to debtors meeting specific criteria, including that the value of the property is up to €180,000 for single persons, €240,000 for married persons, with €20,000 added for each child (see also "*Regulation and Supervision of Banks in Greece*").

In addition, an increase in financial market volatility or adverse changes in the marketability of the Issuer's assets could impair ability to value certain of the Group's assets. The value ultimately realised by the Issuer will depend on their fair value determined in the future. Any decrease in the value of such assets and exposures could require the Issuer to recognise additional impairment charges, which could adversely affect business, financial condition, results of operations and prospects, as well as capital position.

*Government and intergovernmental interventions aimed at alleviating the financial crisis are uncertain and carry additional risks and no assurance of future government support for intervention in the banking sector*

Government and intergovernmental interventions aimed at alleviating the financial crisis could lead to increased ownership and control of financial institutions by the Hellenic Republic or other entities and further consolidation in the banking sector. Since the turmoil in the global financial markets since 2008 and 2009, various governments around the world 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. Generally, even if banks were not fully nationalised, shareholders experienced significant dilution and loss of value.

*Changes in the Greek political environment or in the economic policy in Greece may adversely affect the Group's business*

ESM Programme has been sought within the current political framework in Greece. Since the elections held on 20 September 2015, the implementation of the measures agreed in the Stabilisation Programme. Any aggravation of the economic environment or social tensions, however, could precipitate a change of this framework or a revision of policies. This could result in a change in economic policy and could affect the Issuer's business and strategic orientation, which may adversely affect business, financial condition, results of operations and prospects.

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

The European Parliament enacted Regulations 472/2013 and 473/2013 on economic governance, namely: (i) a regulation for enhanced procedure and assessment of draft budgetary plans of Eurozone Member States, especially those subject to an excessive deficit of the Member States in the euro area; and (ii) a regulation on enhanced surveillance of euro-area Member States that are experiencing severe financial disturbance or request financial assistance. The two regulations introduced 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 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 euro-area Member States that do not comply with the deficit procedure; these will be triggered at a lower deficit level and will use a graduated approach. Though not relevant in the near 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 could adversely affect the Group's business, financial condition, results of operations and prospects.

#### *Risks relating to volatility in the Global Financial Markets*

##### *The Group is vulnerable to the on-going disruptions and volatility in the global financial markets*

In recent years, most of the economies with which Greece has strong export links, including a number of Eurozone countries, have faced economic headwinds. The outlook for the global economy over the medium term remains challenging and many forecasts predict at best only modest levels of gross domestic product growth in the EU. Economic activity remains dependent on highly accommodative macroeconomic policies and is subject to downside risks, as room for countercyclical policy measures has sharply diminished and fiscal fragilities have come to the fore. Policymakers in many advanced economies have publicly acknowledged the need to urgently adopt credible strategies to contain public debt and excessive fiscal deficits and later reduce debt and deficits to more sustainable levels. The implementation of these policies may restrict economic recovery and adversely affect the Issuer's business, financial condition, results of operations and prospects.

In financial markets, concerns around several Eurozone government issuers (with large fiscal imbalances), China's economic slowdown, the prospects of interest rate hikes in the USA and an escalation of geopolitical tensions in the Middle East and in Eastern Ukraine, are expected to continue to affect the global financial markets. In the event such stability is proven fragile and such investor's concerns surface again, business, financial condition, results of operations and prospects, could be adversely affected.

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

##### *Uncertainty resulting from the debt sovereign crisis in the Eurozone is likely to continue to have a material adverse effect on the Issuer's business financial condition, results of operations and prospects*

The deterioration of the sovereign debt of several countries, including Greece, Italy, Ireland, Spain, Cyprus and Portugal, together with the risk of contagion in other eurozone countries, has raised a number of uncertainties regarding the stability and overall standing of the European Union, which escalated to the risk of a potential eurozone break-up in 2012.

The Eurozone sovereign debt crisis has led to discussions and scenarios involving the reintroduction of national currencies in one or more eurozone countries (including Greece) or, in particularly extreme circumstances, the abandonment of the euro. The departure or risk of departure from the euro by one or more eurozone countries (such as Greece) and/or the abandonment of the euro as a currency would be a

material event that could have significant adverse effects on the ability of the Group to fulfil its obligations and have a significant negative impact on the activity, operating results and financial position of the Group.

Throughout the European sovereign debt crisis, the European countries' leaders have tried to take measures to preserve the financial stability of the EU and the eurozone. In May 2010, along with Greece's first bailout request, the EFSF was established, a €440 billion special purpose vehicle guaranteed by the European members, with a mandate is to safeguard financial stability in Europe by providing financial assistance to eurozone states in need. In the fall of 2011, European government leaders discussed further austerity measures, including a significant increase in the EFSF's funds and a restructuring plan for Greece's sovereign debt. In September 2012, the ECB announced that it was ready to provide full support through new bond purchase programmes known as "Outright Monetary Transactions" to all eurozone countries that had requested a bailout and received support by the EFSF and ESM programmes. The ESM was formally established in October 2012 and is a permanent international financial institution that assists in preserving the financial stability of the European Monetary Union by providing temporary stability support to eurozone countries through a lending capacity of €500 billion. In August 2015, after negotiations of several months, the new €86 billion ESM Programme was announced for Greece (see "*Negative economic developments and the extended financial and economic crisis in the Hellenic Republic have had, and are likely to continue to have, a material adverse effect on the Issuer's business, financial condition, results of operations and prospects*").

The ECB has undertaken various monetary policy measures in an effort to stimulate credit expansion and, ultimately, economic recovery.

The ECB reduced interest rates in the second and third quarters of 2014, and re-introduced long-term refinancing operations in the third quarter of 2014. In addition, the ECB expanded its asset purchase programme for asset-backed securities and covered bonds (the **Quantitative Easing Programme**) at the end of 2014 and also decided to include debt of the Eurozone members in the programme from the beginning of 2015. According to the ECB press release dated 22 January 2015 in combination with the ECB announcement on 10 February 2015, Greek bonds were not eligible for ECB purchases under the asset purchase programme and are still not accepted.

Any further deterioration in Eurozone's economic situation, given the Issuer's material exposure to the Eurozone's economy, could have a material adverse affect on the Issuer's business, financial condition, results of operating and prospects.

*The Group is exposed to risks faced by other financial institutions that are our counterparties.*

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

## *Risks Relating to Operations Outside of the Hellenic Republic*

### *The Issuer conducts significant international activities in the emerging markets*

In addition to the Issuer's operations in the Hellenic Republic, the Issuer has operations in Cyprus, Romania, Serbia, Albania and the FYROM. The Issuer's operations in Cyprus and Romania are the Issuer's largest/significant operations outside of the Hellenic Republic, accounting for 8.5% and 4.7%, respectively, of the Issuer's total loans as of 30 September 2015 and 8.1% and 4.1% as of 31 December 2014. On 6 November 2015, the Issuer reached a definitive agreement regarding the sale of Alpha Bank's branch in Bulgaria to Eurobank's subsidiary in Bulgaria, Postbank, subject to the receipt of regulatory approvals. As of 30 September 2015, the Group's SEE operations accounted for 15.1% of the Issuer's €62.1 billion total loans and 16.5% of the net interest income of the Group.

The Group's SEE operations accounted for 15.7% of the Issuer's €62.3 billion total loans as of 31 December 2014 (same amount as of 31 December 2013) and 18.6% of the Group's net interest income for the year ended 31 December 2014 (compared to 20.9% for the year ended 31 December 2013). The Issuer's SEE operations are exposed to the risk of adverse political, governmental or economic developments in the countries in which it operates. Furthermore, the majority of the countries outside Greece, where the Group conducts business, are "emerging economies" in which the Group faces particular operational risks. These factors could have a material adverse effect on its business, results of operations and financial condition.

The Issuer's SEE operations also expose the Issuer to foreign currency risk. A decline in the value of the currencies in which SEE subsidiaries receive their income or value their assets relative to the value of the euro may have an adverse effect on the results of operations and financial condition. In addition, the economic crisis in Greece may: materially adversely affect the Issuer's SEE operations and increase depositors' concerns in these countries, which may, in turn, affect their willingness to continue to do business with the Issuer's international subsidiaries.

### **Risks related to the Issuer's business**

*The Issuer and the Group are exposed to credit risk, market risk, liquidity risk, litigation risk and operational risk*

As a result of its business activities, the Issuer is exposed to a variety of risks, the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to control these risks could result in material adverse effects on the Issuer's financial performance and reputation.

#### (a) *Credit Risk*

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 Issuer's businesses. Adverse changes in the credit quality of the Issuer's borrowers and counterparties or a general deterioration in the Greek, EU, U.S. or global economic conditions, or arising from systematic risks in the financial systems, could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provision for bad and doubtful debts and other provisions.

#### (b) *Market Risk*

The most significant market risks that the Issuer faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management



methods to mitigate and control these and other market risks to which the Issuer 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 the Issuer's financial performance and business operations.

(c) *Operational Risk*

The Issuer's businesses are dependent on the ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of external systems, for example, those of the Issuer's suppliers or counterparties. Although the Issuer has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in controlling each of the operational risks.

(d) *Liquidity Risk*

The inability of a bank, including the Issuer, to anticipate and provide for unforeseen decreases or changes in funding sources could have an adverse effect on such bank's ability to meet its obligations when they fall due.

The Group is also exposed to risk of fraud and illegal activities of other forms which if they are not dealt with timely and successfully could have negative effects on its business, financial condition results of operation and prospects. The Group is subject to rules and regulations related to money laundering and terrorism financing. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal, financial and reputational consequences, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Also, in the context of its day-to-day operations the Group is exposed to litigation risk, among others, as a result of changing and developing consumer protection legislation and legislation on the provision of banking and investment services. Although the Issuer conducts its operations pursuant to applicable laws and takes all necessary measures for adopting its operations to legislative amendments, there can be no assurance that significant litigation will not arise in the future.

Although we believe we have effective policies designed to prevent fraud, we cannot guarantee that the Group's risk management procedures will eliminate all cases of fraud.

In addition, continuing volatility as a result of market forces that are beyond the Issuer's control could cause the Group's liquidity position to deteriorate. Such deterioration would increase funding costs and limit the capacity to increase the credit portfolio and the total amount of assets, which could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of operations and prospects.

*The Hellenic Republic has the ability to and currently does exercise significant influence with respect to certain operations of the Issuer*

The Hellenic Republic owned all 200 million non-transferable and redeemable Preference Shares issued by the Issuer, without voting rights, pursuant to Greek Law 3723/2008 under the Hellenic Republic Bank Support Plan. The Issuer redeemed these Preference Shares on 17 April 2014.

However, the Issuer still participates in Pillar II of the Hellenic Republic Bank Support Plan (see "*Regulation and Supervision of Banks in Greece - Regulatory Framework*", the Hellenic Republic continues to have a representative on the Issuer's Board of Directors with all of the rights granted under Greek Law 3723/2008.

The direct participation of the Hellenic Republic in the Issuer grants to the Hellenic Republic, among others, the right to appoint a representative on the Issuer's Board of Directors, who has a right to veto decisions relating to strategic issues or decisions that could have a material impact on the legal or financial status of the Issuer and for which the approval of the General Meeting is required, or decisions referring to the distribution of dividends and the remuneration of the Issuer's Chairman, Managing Director - Chief Executive Officer, the remaining members of the Board of Directors, the General Managers and their deputies under the relevant decision of the Ministry of Finance, or, in case of decisions that the representative considers detrimental to the interests of the depositors or that may materially affect the Issuer's solvency and due operations. In addition, the representative of the Hellenic Republic has full access to the Issuer's books and records, restructuring and sustainability reports, plans for medium-term financing needs, as well as data relating to the level of funding of the economy.

As part of the Stabilisation Programme, the Hellenic Republic undertook a series of commitments towards the European Commission regarding Greek banks under the restructuring, including the appointment of a monitoring trustee, who acts on behalf of the European Commission and aims to ensure the compliance of the Issuer and its subsidiaries with the aforementioned commitments (the **Monitoring Trustee**) which are in force during the period of the restructuring plan which has been agreed and approved by the EU. The Monitoring Trustee is responsible for the compliance of the Issuer's with legislation of Société Anonyme (Greek Codified Law 2190/1920), the corporate governance provisions and in general the banking regulatory framework, and will monitor the implementation of the restructuring plan and the organisational structure of the Issuer in order to ensure that the internal audit and risk management departments of the Issuer are fully independent from commercial networks. The Monitoring Trustee may attend the meetings of the audit committee and risk management committee of the Issuer as an observer, review the annual audit plan and may require additional investigations, receive all reports emanating from internal control bodies of the Issuer and be entitled to interview any auditor. Furthermore, the Monitoring Trustee will monitor the commercial practices of the Issuer, with a focus on credit policy and deposit policy. Accordingly, the Monitoring Trustee attends the meetings of the credit committees of the Issuer as an observer, and monitor the development of the loan portfolio, the maximum amount that can be granted to borrowers, the transactions with related parties and other relevant matters. The Monitoring Trustee will also have access to all the relevant credit files and the right to interview credit analysts and risk officers. Furthermore, he monitors the management policy of legal cases of the Issuer. As a result, the discretion of the Issuer's management is subject to further oversight and certain decisions may be constrained by powers accorded to the Monitoring Trustee.

The Hellenic Republic also has interests in other Greek financial institutions and an interest in the financial soundness of the Greek banking industry and other industries generally, and those interests may not always be aligned with the commercial interests of the Group or its shareholders. An action supported by the Hellenic Republic may not be in the best interests of the Group or its shareholders.

*The state aid received by the Issuer via the HFSF has been formally approved by the European Commission subject to the implementation of the Restructuring Plan and so the Issuer may face risks from any failure to properly implement such Plan.*

Following the Issuer's participation in the PSI, which was booked retroactively in the Group's accounts for the fourth quarter of 2011, the Group's capital was significantly diminished: the Group's Core Tier I ratio decreased to 3% and the capital adequacy ratio to 5.4%. On 20 April 2012, the HFSF provided the Issuer with a commitment letter to participate in its share capital increase. On 28 May 2012, the commitment letter was replaced by the Presubscription Agreement executed between the HFSF and the Issuer, pursuant to which the HFSF advanced to the Issuer €1.9 billion against the total amount of recapitalization required by the Issuer.

As a result, in the balance sheet as of 31 March 2012, the Issuer registered a capital adequacy ratio of 9.5% and a Core Tier I ratio of 7.1%, including the recapitalization amount of €1.9 billion contributed by the HFSF. The amount of the bridge recapitalization represented around 4.2% of the Group's RWA as of 31 March 2012. Including the Preference Shares injected in May 2009 (state aid previously granted), the

total amount of state aid received by the Issuer, in forms other than guarantees and liquidity assistance, stood at 9.6% of the Group's RWA as of 31 December 2013.

On 27 July 2012, the European Commission provisionally approved the aid in the form of the commitment letter and the bridge recapitalization. In the same decision, the European Commission expressed its views and respective doubts on the fulfilment of certain criteria that apply to such aid assessments relating to: (a) the appropriateness, (b) the necessity and (c) the proportionality of the measures. As a result, the European Commission initiated a formal investigation with regard to these measures in order to conduct a more detailed assessment and to allow third parties to submit comments. In addition, on 27 July 2012, the European Commission provisionally approved and initiated a formal investigation under EU state aid rules, regarding the bridge recapitalization provided by the HFSF in favour of the other three Greek systemic banks, Eurobank Ergasias, Piraeus Bank and National Bank of Greece, for reasons of financial stability.

In June 2013, HFSF subscribed for 9,138,636,364 newly issued Ordinary Shares of the Issuer by its contribution of in kind EFSF Notes. Following the most recent exercise of the Warrants on 15 June 2015, HFSF's equity interest decreased to 8,458,757,340 Ordinary Shares, representing 66.24% of our aggregate common share capital or an amount of €3.7 billion (as of the date of this Offering Circular).

The formal investigation of the European Commission in connection with the recapitalization of the Issuer was completed in the summer of 2014 with a final decision on the approval of the restructuring plan of the Issuer for receiving the said state-aid (which decision took also into account the acquisitions completed at the time by the Issuer, including the acquisition of the retail operations of Citibank and the share capital of Diners Club Greece). In particular, on 9 July 2014 the European Commission issued Decision (EU) 2015/454 of 9 July 2014 on the State aid SA.34823 (2012/C), SA.36004 (2013/NN), SA.37965 (2013/N), SA.37966 (2013/N), SA.37967 (2013/N) implemented by Greece for Alpha Bank Group relating to: Recapitalisation and restructuring of Alpha Bank S.A.,—Resolution of Cooperative Bank of Western Macedonia through a transfer order to Alpha Bank S.A.,—Resolution of Evia Cooperative Bank through a transfer order to Alpha Bank S.A.,—Resolution of the Cooperative Bank of Dodecanese through a transfer order to Alpha Bank S.A. (notified under document C(2014) 4662) Text with EEA relevance.

Pursuant to the request by the Directorate General for Competition of the European Commission (the **DGComp**) dated 21 September 2015, the Issuer has revised its restructuring plan to reflect the current conditions of targeted recapitalization of the Issuer. The revised restructuring plan, which has been submitted to the DGComp and the HFSF and remains subject to their final approval, includes additional cost-saving measures to be implemented by the Issuer, as discussed in more detail under "The Issuer and the Group - Recent Developments - Approval of the Issuer's Revised Restructuring Plan". The Issuer believes that appropriate burden sharing measures are already being implemented and no fundamental changes in the operating model of the Issuer will be required as part of such restructuring plan.

Moreover, a possible failure of the Issuer to implement the terms set in the restructuring plan, as updated, may result into the restrictions over the HFSF's voting rights, attaching to the Ordinary Shares subscribed by the HFSF at the 2013 share capital increase, be lifted, notwithstanding that the private sector participation was attained at the time.

Any further participation of the HFSF in the current recapitalization of the Issuer requires the submission and approval by the European Commission on the one hand of the new state-aid and on the other of an updated restructuring plan. The amendments and updates should continue to secure the viability of the Issuer and any distortion in completion pursuant to the Banking Communications of the European Commission.

Any inability of the Issuer in the future to meet the terms specified in the revised restructuring plan may result in the European Commission initiating a procedure for misuse of the aid which may lead the HFSF to recover the suspended voting rights of its Ordinary Shares. In case of a negative decision determining a misuse, the recovery of the state-aid pursuant to article 14 of Regulation 659/99 as in force, while the

recovery is completed pursuant to national law. Any such recovery of the state-aid may have material adverse effect on the business operations and financial conditions of the Group.

*The HFSF as shareholder has certain rights in relation to the operation of the Issuer and in the future, restricted voting rights of the Ordinary Shares currently held by the HFSF, could come into effect.*

The original Stabilization Program, as established in May 2010, introduced restructuring measures such as the establishment of the HFSF whose only shareholder is the Hellenic Republic. The role of the HFSF is to contribute in the maintenance of the stability of the Greek banking system by providing capital support in the form of ordinary shares or contingent convertible securities or other convertible securities to credit institutions legally operating in Greece and licensed by the Bank of Greece. The Stabilization Program, as currently in force, and Greek Law 3864/2010 provide the HFSF, through its representative, with shareholders' rights in the credit institutions in which it has committed to participate by means of the share capital increases (see also "*Regulation and Supervision of Banks in Greece - The Hellenic Financial Stability Fund*").

Following HFSF's initial contribution in May 2012 to the Bank of €1.9 billion in EFSF bonds as an advance for its participation in the Group's recapitalization pursuant to the Presubscription Agreement executed between the Bank and HFSF and Greek Law 3864/2010, the HFSF appointed a representative to the Issuer's Board of Directors. In December 2012, the Issuer received, as a capital contribution, an additional €1.0 billion of EFSF bonds from the HFSF as an additional advance for HFSF's participation in the Issuer's recapitalization in accordance to the above Presubscription Agreement. In connection with the Bank's share capital increase in June 2013, the Issuer received, as a capital contribution, an additional €1.0 billion in HFSF bonds, which subscribed for 9,138,636,364 newly issued Ordinary Shares of the Issuer, namely 81.71% of the Issuer's aggregate common share capital. Further, following the share capital increase which was completed on 4 April 2014 HFSF's ownership decreased to 69.90%. Following the exercise of the Warrants on 15 December 2014, HFSF's equity interest was further decreased to 8,458,859,579 Ordinary Shares and, after the fourth exercise of the Warrants on 15 June 2015, HFSF's equity interest in the Issuer as of 31 October 2015 decreased to 8,458,757,340 Ordinary Shares, representing 66.24% of the Issuer's aggregate common share capital. This percentage of the HFSF may be increased in the Issuer's current share capital increase, due to the fact that any further capital enhancement of the Issuer for purposes of precautionary capitalization from the HFSF will take place in the form of common shares and contingent convertible securities to the Issuer's common shares.

Pursuant to the provisions of Greek Law 3864/2010, 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 (a) regarding the distribution of dividends and the remuneration policy concerning the Chairman, the Managing Director—CEO 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; (b) where the decision in question could seriously compromise the interests of depositors, or impair the Issuer's liquidity or solvency or its overall sound and smooth operation of the Issuer; or (c) concerning corporate actions, where the decision in question could materially affect the participation of the HFSF in the share capital of the Issuer, (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 the Issuer.

Accordingly, as a result of the Issuer's participation in the recapitalization plan of the Greek credit institutions, and despite the restricted voting rights pertaining to the Ordinary Shares held by HFSF, in accordance to Article 7a of Greek law 3864/2010, regarding the shares issued pursuant to the Issuer's previous share capital increases, the HFSF is able to exercise significant influence over the operations of the Group. For further details regarding the Issuer's commitments see "*Directors and Management*".

Further, the HFSF with the support of an advisor of international repute and experience shall have the authority to assess the corporate governance of the credit institutions with which the HFSF has entered into a Relationship Framework Agreement. Such assessment shall include the extent, structure and allocation of the powers within the board of directors and the committees pursuant to the business needs of the credit institution. The assessment shall include the board members and the committee members. In case the results of the assessment fail to meet the requisite standards, the HFSF shall inform the board of directors and if the board fails to take the necessary measures for the implementation of the HFSF proposals, the HFSF shall invite the shareholders' meeting with the aim of informing the shareholders and propose the changes, whilst it will send the results of the assessment to the competent regulatory authorities. In case the shareholders' meeting does not authorise within three months the replacement of the board members, who failed to meet the assessment standards, then the HFSF shall announce within four months through its website the relevant report, including the name of the credit institution, the proposals and the number of the board members that failed to meet the standards as well as such standards.

In addition to the provisions of Greek Law 3864/2010, and pursuant to the Relationship Framework Agreement entered into on 12 June 2013, the HFSF has a series of information rights with respect to matters pertaining to the Bank. Additionally, the HFSF may appoint at least one (1) member of the Issuer's Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee. Finally, the Issuer is obliged to obtain the prior approval of the HFSF on a number of material issues. For further details regarding the Bank's commitments, see "*Directors and Management*".

As a result of the participation of the Issuer in the Program, the HFSF may exercise significant influence on the operations of the Group. So, there is risk that the HFSF may disagree with some decisions of the Issuer and the Group in connection with the distribution of dividend, the remuneration policy and the business and management decisions, limiting thus the flexibility in the business operations of the Issuer.

*There can be no assurance that the voting rights of the HFSF continue to be restricted in the future.*

As of the date of this Prospectus, the HFSF holds 8,458,757,340 Ordinary Shares with restricted voting rights, representing 66.24% of the Issuer's aggregate common share capital and in the frame of the upcoming share capital increase the percentage held by HFSF is expected to increase through the subscription of new Ordinary Shares and contingent convertible bonds.

The Ordinary Shares held by the HFSF only allow the HFSF to exercise its voting rights at the General Meeting for resolutions regarding modifications of the Bank's Articles of Association, including: (i) an increase or reduction of the share capital of the Issuer or provision of relevant authorisation to the Board of Directors; (ii) merger, division, conversion, revival, extension of duration or dissolution of the Issuer; (iii) asset transfers, including sale of subsidiaries; or (iv) any other matters that require an increased majority, as explicitly provided under Greek law. HFSF's shares are taken into account for the calculation of the quorum.

Pursuant to article 7a of Greek Law 3864/2010, the restriction over its HFSF's voting rights may be lifted if it is determined, by way of a resolution of the HFSF's General Council, that the Issuer has breached material obligations it had assumed under its restructuring plan that facilitates its implementation or from the Relationship Framework Agreement executed with the HFSF.

The DGComp approved the Issuer's restructuring plan on 9 July 2014, which provides for a continuation of restructuring and rationalization measures that the Issuer has already undertaken. Failure of the Issuer to be in line with the above may result in HFSF effecting its unrestricted voting rights as above.

Additionally, any new Ordinary Shares subscribed by HFSF in connection with the current share capital increase or through the conversion of contingent convertible instruments will not be subject to the restrictions on the exercise of voting rights.

The can be no assurance that the HFSF's rights will continue to be restricted in the future and as a result the control of the Issuer may be acquired by the HFSF and any new Ordinary Shares held by the HFSF will not be subject to the above restrictions in the exercise of voting rights.

*Cancellation or changes in the operational framework of the EFSF, ESM or the HFSF or in the participation of the Group in their programs could have a material adverse effect on the financial performance of the Issuer and the Group.*

The cancellation or material change of the programs of the EFSF, the ESM or the HFSF, through legislative amendment or otherwise, schemes (the **Supporting Programs**), or the exclusion of the Group from the supporting programs could create uncertainty regarding the creditworthiness of the Group, which could lead to increased outflows of customers' deposits and negatively affect the terms on which the Group has access alternative sources of financing. The financial position of the Group may be affected by significant changes in the cost of participating in the Supporting Programs, which could be effected through a decision made at the discretion of the Minister for Finance and the European Commission. The current costs of participating in the Supporting Programs (CoCos have a coupon value of approximately 8% per annum), which may be further increased, have negatively affected the net income of the Group through interest rates and can negatively affect the financial results of the Group so long as the Group continues participating in the Supporting Programs.

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

Alpha maintain positions in trading and investment portfolio which relate to the fixed income, currency, equity and other markets. These provisions could be adversely affected by continuing volatility in financial and other markets and the Greek sovereign debt crisis creating a risk of substantial losses. Decline in perceived or actual values of the Group's assets has resulted from previous market events.

Continuing volatility and further dislocation affecting certain financial markets and asset classes could further impact the Group's results of operations, financial condition and prospects. In the future these factors could have an impact on the mark-to-market valuations of assets in the Group's available-for-sale, trading portfolios and financial assets and liabilities for which the fair value option has been elected. In addition, any further deterioration in the performance of the assets in the Group's investment securities portfolios could lead to additional impairment losses, including on holdings of Greek government bonds. Investment securities portfolios accounted for 14.5% of the Group's total assets as of 30 September 2015 (compared to 14.1% as of 31 December 2014).

Volatility can also lead to losses relating to a broad range of other trading securities and derivatives held, including swaps, futures, options and structured products. For further information on market risk exposures in those portfolios, you should refer to "*Risk Management*".

*The increase in non-performing loans may have a negative impact on the Group's operations in the future*

Non-performing loans represented 36.5% of the Issuer's loans as of 30 September 2015 compared to 33.0% as of 31 December 2014 and 32.7% as of 31 December 2013. Non-performing exposures (**NPEs**) according to European Banking Authority (**EBA**) definitions represented 49.9% of the Issuer's loans as of 30 September 2015 compared to 46.0% as of 31 December 2014. The effect of the economic crisis in Greece and adverse macroeconomic conditions in the countries in which the Issuer operates may result in further adverse effects on the credit quality of borrowers, with increasing delinquencies and defaults. Moreover, as a result of the financial crisis, and for the protection of the weaker debtors, foreclosure actions had been suspended subject to certain conditions until 31 December 2014, in cases where the mortgaged asset is used as a primary residence and its objective value does not exceed €200,000. As a result of the increased uncertainty regarding the Greek economy and banking sector in 2015, including the imposition of the bank holiday and capital movement restrictions in June 2015, the Issuer's non-performing loans are

expected to further increase in the fourth quarter of 2015 and in 2016. Future provisions for impaired loans could have a materially adverse effect on business operations and financial results and there can be no assurance that this prohibition, or any other similar prohibition, will not be extended or be in effect beyond this date. See also "*Regulation and Supervision of Banks in Greece*".

It should be noted that Law 4354/2015 was recently enacted providing for the possibility to assign the management or to transfer non-performing loans to special management or transfer companies, which shall be licensed and supervised the Bank of Greece (For more information, please see section "*Regulation and Supervision of Banks in Greece*").

*Volatility in interest rates may negatively affect net interest income and have other adverse consequences*

Interest rates are highly sensitive to many factors beyond the Issuer's control, including monetary policies and domestic and international economic and political conditions. There can be no assurance that further events will not alter the interest rate environment in Greece and the other markets in which the Group operates. Cost of funding is especially at risk for the Issuer due to increased Eurosystem funding and the tight liquidity conditions in the Greek domestic deposit market.

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

*The Issuer faces significant competition from Greek and foreign banks*

The general scarcity of wholesale funding since 2009 has led to a significant increase in competition for retail deposits in Greece and significant consolidation of the Greek banking system. The Issuer also faces competition from foreign banks, some of which may have greater resources than the Issuer. The Issuer may not be able to continue to compete successfully with domestic and international banks in the future. These competitive pressures on the Group may have an adverse effect on its business, financial condition, results of operations and prospects.

*Laws regarding the bankruptcy of individuals and regulations governing creditors' rights in Greece and various SEE countries may limit the Group's ability to receive payments on non-performing loans*

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

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

Changes in consumer protection laws in Greece and other jurisdictions where the Group has operations could limit the fees that banks may charge for certain products and services such as mortgages, unsecured loans and credit cards. If introduced, such laws could reduce the Group's net income, though the amount of any such reduction cannot be estimated at this time. Such effects could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group is subject to financial services laws, regulations, administrative actions, technical standard guidelines and policies in each jurisdiction in which it operates. All of these regulatory requirements are subject to change, particularly in the current market environment, where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions. In response to the global financial crisis, national governments as well as supranational groups, such as the EU, have been considering significant changes to current bank regulatory frameworks, including those pertaining to capital adequacy, liquidity and scope of banks' operations. As a result of these and other on-going and possible future changes in the financial services regulatory framework (including requirements imposed by virtue of the Issuer's participation in any government or regulator-led initiatives, such as the Hellenic Republic Bank Support Plan), the Issuer may face greater regulation. Current and future regulatory requirements may be different across each of these locations and even requirements with European Economic Area wide application may be implemented or applied differently in different jurisdictions.

For example, regulation of the banking industry in the Hellenic Republic has changed in recent years largely as a result of Greece's implementation of applicable EU directives and in response to the economic crisis in Greece. During 2011 and the beginning of 2012, the Bank of Greece has issued a series of Governor's Acts aiming to further strengthen the regulatory framework of financial institutions and to incorporate specific European guidelines. In 2011, the European Commission published the CRD IV for Consultation which incorporates respective amendments that have been proposed by the Basel Committee for Banking Supervision (the **Basel Committee**).

The new overall CRD IV package is composed of the CRD IV Directive and the Capital Requirements Regulation (**CRR**). The new regime amends current rules on the capital requirements for banks and investment firms, aiming to further transpose into EU law the Basel III requirements, including rules regarding capital requirements, capital conservation and buffers (as of 1 January 2015), and liquidity and leverage. CRD IV comprises Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, which was transposed into Greek Law by virtue of Law 4261/2014 and the CRR, which concerns prudential requirements for credit institutions and investment firms. Most of the rules enacted by CRD IV became effective as of 1 January 2014.

The BRRD, which was transposed in Greece on 23 July 2015 establishes the framework for the recovery and resolution of credit institutions and investment firms, amending previous directives and regulations. The BRRD is designed to provide authorities designated by Member States 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. If 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, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the institution's creditors: (i) sale of business—which enables resolution authorities to direct the sale of the institution 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 institution 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 relating to eligible liabilities—which gives resolution authorities the power to write down or convert to equity all or a part of certain claims of unsecured creditors of a failing institution (the **general bail-in tool**) which equity could also be subject to any future application of the general bail-in tool. For additional information see "*Regulation and Supervision of Banks in Greece*".]



In addition, the Solvency II Directive (2009/138/EC) serves as a fundamental review of the capital adequacy regime for the European insurance industry. Once implemented, the capital structure and overall governance of the Group's life insurance business will change significantly, and this could have a material adverse impact on the Issuer's business, financial condition, results of operations and prospects.

In November 2014, the ECB took on new banking supervision tasks as part of the SSM. The SSM created a new system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. Among these EU countries are those whose currency is the euro and those whose currency is not the euro but who have decided to enter into close cooperation with the SSM. The main aims of the SSM are to ensure the safety and soundness of the European banking system by assuming all prudential regulatory powers previously vested with home State regulators, and to increase financial integration and stability in Europe. The ECB is responsible for the effective and consistent functioning of the SSM, cooperating with the national competent authorities of participating EU countries. The ECB directly supervises around 130 credit institutions, representing almost 85% of total banking assets in the euro area. The Issuer are included as one of the credit institutions that is subject to the regulations of the SSM. As such, the ECB has completed the AQR of the credit institutions. For more information, see "*—The implementation of the compulsory state aid measures as a precondition for the precautionary recapitalization from the HFSF may cause future disputes with adverse impacts on the Issuer's business, results of operations and prospects*".

In July of 2014 the Single Resolution Mechanism (**SRM**) was introduced in the EU pursuant to Regulation 806/2014 of the European Parliament and of the Council establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund. The SRM, together with the BRRD, aims at establishing uniform rules and procedures in the resolution and recovery of banks in the EU. The SRM also introduces the bail-in tool of uninsured depositors in line with the so-called "burden sharing" principle.

Additionally, announced revised definitions and policies may have an effect on monitoring credit risk and they may differ compared to the ones currently used by the Issuer's management and, as such, may reflect a different credit quality compared to the one currently shown with the current definitions and terms adopted. Such definitions include definition of forborne loans, non-performing loans as well as prescribed disclosures for measurement of these risk parameters.

Compliance with new requirements may increase the Issuer's regulatory capital and liquidity requirements and costs, disclosure requirements, restrict certain types of transactions, affect the strategy and limit or require the modification of rates or fees that are charged on certain loan and other products, any of which could lower the return on the Group's investments, assets and equity. The Issuer may also face increased compliance costs and limitations on the Issuer's ability to pursue certain business opportunities. The new regulatory framework may have significant scope and may have unintended consequences for the global financial system, the Greek financial system or the Issuer's business, including increasing competition, increasing general uncertainty in the markets or favouring or disfavouring certain lines of business. The Issuer cannot precisely predict the effect of any such changes on their business, financial condition, results of operations and prospects.

*The planned creation of a deposit guarantee system applicable throughout the European Union may result in additional costs to the Group*

The harmonisation of deposit guarantee systems throughout the European Union will represent significant changes to the mechanisms of the deposit guarantee systems currently in force in individual countries.

Greece has transposed Directive 94/19/EC of the European Parliament and of the Council of May 30, 1994 on deposit-guarantee schemes (the **DGD**) by virtue of Greek law 3746/2009, which establishes the HDIGF. Three different schemes are run by the HDIGF: (i) the deposit guarantee scheme (the **DGS**), (ii) the investment guarantee scheme, and (iii) the scheme funding resolutions. The DGS is financed both on an ex

ante and on an ex post basis. The target level of the amount of the covered deposits of DGS is 1%. All credit institutions licensed by the Bank of Greece to accept deposits in Greece are obliged, by virtue of article 3 of law 3746/2009, to participate in the DGS.

The new Directive 2014/49/EC of the European Parliament and of the Council on deposit guarantee schemes, strengthens depositor protection against failing credit institutions and enhances the role of deposit guarantee systems in the financial safety net. It provides for retention of the coverage level of €100,000 per depositor per credit institution for eligible deposits (deposits eligible for deposit guarantee system), coverage for temporary high balances over €100,000 for specific deposit categories, target level for deposit guarantee system resources of 0.8% of covered deposits (achieved over a period of 10 years), deposit guarantee system financing of resolution measures, according to the BRRD, calculation of credit institutions' annual contributions on the basis of covered deposits, compulsory risk-based adjustment of credit institutions' annual contributions and payment of supplementary contributions when DGS resources are inadequate to cover the cost of a credit institution resolution. Greece is in the process of transposing this new Directive.

Concurrently by virtue of the provisions of articles 100 *et seq.* of the BRRD the Resolution Fund of the HDIGF was regulated, as such provisions were transposed by virtue of articles 95 *et. seq.* of Greek law 4335/2015. Pursuant to such provisions until 31 December 2024 the funds available to the Resolution Fund of the HDIGF should equal to 1% of the covered deposits of all credit institutions licensed to operate in Greece. The exact level of annual (*ex ante*) contributions and their calculations derive from Implementation Act 2015/81 of the European Parliament on "unified implementation of Directive 806/2014 of the European Parliament and of the Council regarding contributions to the Unified Consolidation Fund" and Directive 2015/63 of the European Parliament on "the completion of Directive 2014/59/EU of the European Parliament and of the Council regarding contributions to financial consolidation arrangements".

If the contributions under the above EU Directives and Regulations, including the Resolution Fund, for the deposit guarantee scheme are higher than the ones currently in place in Greece and in the other countries in which we operate this may result in us increasing our contributions in this scheme which in turn may adversely affect our operating results.

*The Group may not be able to preserve its customer base*

The Group's success depends on its capacity to maintain loyalty among its customer base and to offer a wide range of competitive and high quality products and services to its customers. In order to pursue these objectives, the Group has adopted a strategy of segmentation of its customer base, aimed at serving the various needs of each segment in the most suitable manner. Nevertheless, high levels of competition in Greece and in other countries where the Group operates, and an increased emphasis in cost reduction may result in an inability to maintain high loyalty levels of the Group's customer base, in providing competitive products and services, or of maintaining high customer service standards, each of which may materially adversely affect the Group's business, financial condition, results of operations and prospects.

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

Reputational risk is inherent to the Group's business activity. Negative public opinion towards the Group or the financial services sector as a whole could result from real or perceived practices in the banking sector in general, such as money laundering, negligence during the provision of financial products or services, or even from the way that the Group conducts, or is perceived to conduct, its business. For example, the bank holiday and capital movement restrictions imposed in Greece in June 2015 negatively affected public opinion on Greek banks. Although the Group makes all possible efforts to comply with the regulatory instructions, negative publicity and negative public opinion could adversely affect the Group's ability to maintain and attract customers, in particular, institutional and retail depositors, whose loss could adversely affect the Group's business, financial condition, results of operations and future prospects.

*The loss of senior management may adversely affect the ability of the Issuer and the Group to implement the strategy.*

The current senior management team includes a number of executives, which the group believes that contribute significant experience and expertise to the management in the banking sectors in which the Group operates. The continued performance of the business and the ability of the Issuer and the Group to execute the business strategy will depend, in large part, on the efforts of senior management. If a substantial portion of senior management leaves the Group, the business, financial condition, results of operations and prospects could be materially adversely affected.

*The Issuer may be unable to recruit or retain experienced and/or qualified personnel.*

The competitive position of the Issuer and the Group depends, in part, on its ability to continue to attract, retain and motivate qualified and experienced banking and management personnel. Competition in the Greek and other SEE banking industries for personnel with relevant expertise is intense due to the relatively limited availability of qualified individuals. To recruit qualified and experienced employees and to minimise the possibility of their departure, the Group provides compensation packages consistent with evolving standards in the relevant labour markets. Under the terms of the Hellenic Republic Bank Support Plan, as currently applicable, the Issuer is prohibited from paying bonuses to the members of the Board of Directors, the Managing Director-CEO and any general managers or their substitutes. Furthermore, as a result of the economic crisis and regulatory restrictions on bonus payments, the Issuer is limiting or restricting the bonuses paid to its personnel, which may inhibit the retention and recruitment of qualified and experienced personnel. The inability to recruit and retain qualified and experienced personnel in the Hellenic Republic and SEE, or manage the current personnel successfully, could materially adversely affect the business, financial condition, results of operations and prospects.

*The Issuer could be exposed to future pension and post-employment benefit liabilities*

The personnel of the Group in Greece are insured with funds providing social security (main pension, auxiliary pension, health and welfare). As of 30 September 2015 on a consolidated basis, the Group's liabilities in connection with defined benefit plans amounted to €109.7 million. These amounts were calculated on the basis of specific economic and demographic assumptions. These include assumptions relating to changes in interest rates, which may not actually occur. Should future events deviate from these assumptions, the Issuer's liabilities may significantly increase.

With particular reference to the auxiliary pension, under Article 10 of Greek Law 3620/07, since 1 January 2008 staff originating from the former Alpha Credit Bank are insured for their auxiliary pension with the Greek Common Insurance Fund of Bank Employees (**ETAT**), following the said Fund's takeover of the Staff Mutual Assistance Fund (**TAP**). The Issuer pays into ETAT an annual instalment of €67.3 million towards the overall fixed liability of €543 million, as calculated based on a reference date 31 December 2006 in ten annual interest-bearing instalments and as per the special economic study provided for in Greek Law 3371/2005, which was subsequently ratified by law. The total amount of the above fixed liability will be fully paid in 2017 with the payment of the last instalment.

The implementation of Law 3371/2005 for Emporiki was made in accordance with Law 3455/2006. According to this law, the pensioners and insured members of Emporiki, who were insured for auxiliary pensions in Auxiliary Insurance Fund for the Personnel of Commercial Bank of Greece (**T.E.A.P.E.T.E.**) were transferred to I.K.A-E.T.E.A.M. and ETAT respectively on 18 April 2006. In accordance with a special economic study, as stipulated by Law 3371/2005 and subsequently ratified by law, Emporiki had to pay a total amount of specific contributions for the pensioners to I.K.A-E.T.E.A.M and ETAT in ten annual interest bearing instalments which were paid in January 2014. In addition, in accordance with the amendments of Law 3455/2006, with respect to the current insured members who were hired until 31 December 2004 by Emporiki, the social contributions that are paid over the service life for the supplementary pension are larger compared to the respective contributions which are stipulated by

E.T.E.A.M. These arrangements were the subject of an investigation concerning the possible application of state aid by the European Commission (decision N597/2006-Greece: Reform of the organisation of the supplementary pension regime in the banking sector), which concluded that such arrangements did not constitute state aid, given the methodology followed by the special economic studies was adhered to. IKA-E.T.E.A.M is incorporated in the Unified Auxiliary Social Security Fund (**ETEA**), since 1 July 2012.

Furthermore, following the merger of ETAT into the Unified Auxiliary Social Security Fund (**ETEA**), on 1 March 2013, there is a risk associated that auxiliary social security contributions to ETEA will increase given that it is possible that additional actuarial studies will be required to be made, and there is no assurance that such studies, if and when made, will not result in, among other things, additional liabilities for all Greek banks, in a similar manner that Greek banks have been required to cover ETAT actuarial deficits.

Apart from the above, the passing of Greek Law 3863/2010 introduced radical changes to the structure and mode of operation of the insurance system. These developments, with possible reinterpretations of the current legislation or possible future changes to that legislation in respect to pensions and related liabilities, as well as the requirements of the memorandum, which are targeted to creating a viable and sustainable general pension system and minimising state subsidies through, among other things, the consolidation of pension funds, may alter the liabilities of the banking sector and hence of the Issuer or its subsidiaries in respect to contributions to meet actuarial or operational deficits of the pension funds. Moreover, it is impossible to predict potential legal challenges or their outcomes against the consolidations of pension funds, or the outcome of such disputes.

*The implementation of the compulsory state aid measures as a precondition for any future precautionary recapitalization from the HFSF may cause future disputes with adverse impacts on the Issuer's business, results of operations and prospects.*

In accordance with the provisions of articles 6 and 6a of Greek Law 3864/2010, a precondition, among others, to the release of any precautionary support by the HFSF, in case of any capital shortfall determined under any future AQR and/or stress test, is the prior application by virtue of a Cabinet Act of the measure of article 6a of law 3864/2010 aiming at imposing Mandatory Burden Sharing Measures on the holders of capital instruments and other liabilities of the credit institution receiving the support. The Mandatory Burden Sharing measures result into the amendment of the private rights of holders of capital and debt instruments of the Bank through their conversion into common shares, which are taken into account in the Common Equity Tier 1 Regulatory Capital of the credit institution pursuant to Regulation 575/2013.

Although the imposition of the Mandatory Burden Sharing Measures is subject to the creditor no-worse off principle for the holders of capital and debt instruments of the credit institution (namely that following the implementation of such measures the holders of the instruments subjected to such measures shall not be in a position worse than the one they would have found themselves, if the bank had been subjected to special liquidation), infringement of which principle results into statutory damages claim of such holders against the Greek State, there can be no assurance that the imposition of any Mandatory Burden Sharing Measures in any future recapitalization of the Bank shall not trigger litigation by holders of debt or capital instruments, who may suffer damages from the implementation of such Measures, which litigation may involve the Bank.

Moreover pursuant to the express provisions of par. 7 of article 6a of law 3864/2010, the imposition of any Mandatory Burden Sharing Measures should not trigger any contractual default or acceleration rights on payment obligation of the bank receiving the capital support or members of its group, which would otherwise be triggered. Nevertheless, there is no precedent application of the Mandatory Burden Sharing Measures. Correspondingly, there is no jurisprudence as to the scope of recognition (or not) by competent Courts of the said protective provisions of par. 7 of article 6a of law 3864/2010 which prohibits the triggering of defaults and acceleration rights. Any non-recognition of the application of such protective provision to its full extent may result, if Mandatory Burden Sharing Measures are imposed in any future recapitalization of the Bank, in the triggering of contractual acceleration or termination rights against the Bank or its Group with material adverse effect on its operations, prospects and results.

*Economic hedging may not prevent losses*

Within the variety of instruments and strategies that are used by the Group to economically hedge exposure to market risk, a number of products or strategies may prove ineffective and lead to losses. Many of the Issuer's hedging strategies are based on historical trading patterns and correlations. Therefore, unexpected market developments therefore may adversely affect the effectiveness of these hedging strategies.

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

The Issuer carries out various proprietary activities, including the placement of deposits denominated in euro and other currencies in the interbank market, trading in primary and secondary markets for government securities as well as equity markets, derivative products and other financial instruments. These transactions involve risks which depend on market conditions. The Issuer relies on a vast range of reporting and internal management tools in order to be able to monitor and manage such transactions. Future results arising from trading on account of its own portfolio will depend partly on market conditions, and the Issuer may incur significant losses which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

*The Group's operational systems and networks have been, and will continue to be, vulnerable to an increasing risk of continually evolving cyber security or other technological risks which could result in the disclosure of confidential client or customer information, damage to the Group's reputation, additional costs to the Group, regulatory penalties and financial losses*

A significant portion of the Group's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a constant basis. The Group stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. The proper functioning of the Group's payment systems, financial and sanctions controls, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Group's operations. These activities have been, and will continue to be, subject to an increasing risk of cyber-attacks, the nature of which is continually evolving. The Group's computer systems, software and networks have been and will continue to be vulnerable to unauthorised access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber-attacks and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to the Group's reputation with its clients and the market, additional costs to the Group (such as repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses, to both the Group and its clients. Such events could also cause interruptions or malfunctions in the operations of the Group (such as the lack of availability of the Group's online banking systems), as well as the operations of its clients, customers or other third parties. Given the volume of transactions at the Group, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

In addition, third parties with which the Group does business under stringent contractual agreements, may also be sources of cyber security or other technological risks. The Group outsources a limited number of supporting functions, such as printing of customer credit card statements and processing of cards, which results in the storage and processing of customer information. Although the Group adopts a range of actions to eliminate the exposure resulting from outsourcing, such as not allowing third-party access to the production systems and operating a highly controlled IT environment, unauthorised access, loss or destruction of data or other cyber incidents could occur, resulting in similar costs and consequences to the Group as those discussed above. While the Group maintains insurance coverage that may, subject to policy

terms and conditions, cover certain aspects of cyber risks such as fraud and financial crime, such insurance coverage may be insufficient to cover all losses.

#### *The Issuer's loan portfolio may contract*

In the current economic environment, the Issuer's Greek and foreign loan portfolio may decline. Furthermore, there are a limited number of high credit quality customers. Developments in the loan portfolio will be affected mainly by, among other factors, the health of the Greek economy and of the other economies in which it operates and the successful implication of the Programme. The decline in the loan portfolio, in combination with non-performing loans, may limit the Group's net interest income, and this could have a material adverse effect on the business, financial condition, results of operations and prospects.

#### *The proposed financial transactions tax (FTT)*

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

The Commission's Proposal has very broad scope and could, if introduced, apply to a wide range of dealings in financial instruments.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. If the FTT is implemented, it may give rise to tax liabilities for the Issuer and the Group which may have an adverse effect on the Issuer's business, financial condition results of operations and prospects of the Issuer and the Group.

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

Any additional taxes imposed on us in the future, or any increases in tax rates, may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects of the Issuer and the Group.

#### *There is no legal provision or interpretation regarding the tax treatment of goodwill in case of capitalisation or distribution*

An amount of €3.3 billion negative goodwill was recorded as a result of the acquisition of Emporiki. Under current tax law, the difference arising as a result of a merger, conducted in accordance with Article 16 paragraph 5 of Greek Law 2515/1997, which is defined as the credit balance after offsetting the paid in share capital of the acquired bank with the carrying amount of that investment as reported in the acquirer books, is not subject to income tax and is recognised in the tax books as a separate component of equity of the acquirer. The current tax legislation has not specifically addressed nor has interpreted on the tax implications of the credit difference in case of future capitalisation or decision for distribution.

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

The Covered Bonds will be solely obligations of the Issuer and will not be obligations of or guaranteed by the Trustee, the Asset Monitor, the Account Bank, the Agents, the Hedging Counterparties, the Arrangers, the Dealers or the Listing Agent (as defined below). No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Covered Bonds shall be accepted by any of the Arrangers, the

Dealers, the Hedging Counterparties the Trustee, the Agents, the Account Bank, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

#### *Maintenance of the Cover Pool*

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

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

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

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

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

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

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

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

the availability of buyers for that property, the value of that property and property values in general at the time.

#### *Changes to the Lending Criteria of the Issuer*

Each of the Loans originated by the Issuer will have been originated in accordance with its Lending Criteria at the time of origination. The Lending Criteria of the Issuer also includes the Lending Criteria applied by Emporiki (which was merged into the Issuer in 2013). It is expected that the Issuer's Lending Criteria will generally consider, *inter alia*, type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant and credit history. The Issuer retains the right to revise its Lending Criteria from time to time but would do so only to the extent that such a change would be acceptable to a reasonable, prudent mortgage lender. If the Lending Criteria changes in a manner that affects the credit worthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Cover Pool, or part thereof, and the ability of the Issuer to make payments under the Covered Bonds.

#### *Loans not originated by Issuer*

It should be noted that a significant proportion of the Loans included by the Issuer into the Cover Pool may in the future not have been originated by the Issuer in the case of Loans that will in the future be, acquired by the Issuer. In respect of such acquired Loans, there can be no assurance that the lending criteria of the relevant originating entity will be as effectively applied as, or comparable with (and not materially inferior to), that of the Issuer. Accordingly the asset quality of Loans not originated by the Issuer may be materially worse than that of Loans that were originated by the Issuer. This may result in the deterioration in the performance and value of the Cover Pool Assets. It may also make it harder for the Statutory Tests to be met.

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

Following the occurrence of an Issuer Event (but prior to the service of a Notice of Default) which is continuing, the Servicer shall be obliged to try to sell Loans and their Related Security in the Cover Pool in respect of the relevant Series of Pass Through Covered Bonds and Accumulation Covered Bonds on or before the First Refinance Date and on or before each Refinance Date thereafter having the Required Outstanding Principal Balance Amount (the **Selected Loans**) in accordance with the Servicing and Cash Management Deed, subject to the rights of pre-emption in favour of the Issuer to remove the Selected Loans from the Cover Pool, in the case of the sale of Selected Loans following an Issuer Event and prior to a breach of the Amortisation Test, provided that where the Amortisation Test was met immediately prior to the proposed sale, that the Amortisation Test will continue to be met following any sale of Selected Loans or the removal of such Selected Loans from the Cover Pool and provided further that where the Amortisation Test has been breached prior to such Selected Loans being sold, the Servicer may sell Selected Loans where the Amortisation Test will not be satisfied after such sale provided that the amount by which the Amortisation Test is breached is not worsened or further reduced as a result of sale of such Selected Loans. The proceeds from any such sale will be credited to the Transaction Account and applied in accordance with the applicable Priority of Payments. There is no guarantee that the Servicer will be able to sell in whole or in part the Loan Assets as the Servicer may not be able to find a buyer at the time it is obliged to attempt to sell.

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

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

In respect of any sale of Loan Assets to third parties as described above under "*Sale of Loans and their Related Security following the occurrence of an Issuer Event*", the Servicer or the Issuer will not be permitted



to give representations and warranties or indemnities in respect of those Loan Assets unless expressly agreed by the Servicer. There is no assurance that the Issuer would give any representations and warranties or indemnities in respect of the Loan Assets. Any representations and warranties previously given by the Issuer in respect of the Loan Assets in the Cover Pool may not have value for a third party purchaser if the Issuer is then insolvent. Accordingly, there is a risk that the realisable value of the Loan Assets could be adversely affected by the lack of representations and warranties or indemnities. See "*Description of Principal Documents – Servicing and Cash Management Deed*".

#### *Reliance on Hedging Counterparties*

To provide a hedge against possible variances in the rates of interest payable on the Loans in the Cover Pool (which may, for instance, include discounted rates of interest, fixed rates of interest or rates of interest which track a base rate and other variable rates of interest) and EURIBOR for 1, 3 or 6 month euro deposits, the Issuer may enter into an Interest Rate Swap with the relevant Interest Rate Swap Provider in respect of each Series of Covered Bonds under the relevant Interest Rate Swap Agreement.

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

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

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

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

#### *Conflicts of Interest*

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

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

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

### *Change of counterparties*

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

These criteria include requirements in relation to the short-term, unguaranteed and unsecured credit ratings ascribed to such party by Fitch, Moody's and DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS). If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document.

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

### *Security and insolvency considerations*

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

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

If any of the variety of instruments and strategies that the Issuer uses to hedge its exposure to various types of risk in its businesses is not effective, the Issuer may incur losses. Many of the Issuer's strategies are based on historical trading patterns and correlations. Unexpected market developments therefore may adversely

affect the effectiveness of its hedging strategies. Moreover, the Issuer does not hedge all of its risk exposure in all market environments or against all types of risk. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Issuer's reported earnings.

*An interruption in or a breach of security in the Issuer's information systems may result in lost business and other losses*

The Issuer relies on communications and information systems provided by third parties to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its customer relationship management, general ledger, deposit, and servicing and/or loan organisation systems. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could result in a loss of customer data and an inability to service the Issuer's customers, which could have a material adverse effect on the Issuer's reputation, financial condition and results of operations.

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

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

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

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

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

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

### *Extendable obligations under the Covered Bonds*

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

The applicable Final Terms may provide that the Issuer's obligations under the relevant Covered Bonds to pay the Principal Amount Outstanding on the relevant Final Maturity Date may be deferred past the Final Maturity Date until the Extended Final Maturity Date (as specified in the Final Terms) (such date the **Extended Final Maturity Date**). In such case, such deferral will occur automatically if the Issuer fails to pay any amount representing the amount due on the Final Maturity Date as set out in the Final Terms (the **Final Redemption Amount**) in respect of the relevant Series of Covered Bonds on their Final Maturity Date provided that, any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. This will occur (subject to no Notice of Default having been served) if the applicable Final Terms Document for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date.

To the extent that the Issuer has sufficient monies available under the Priority of Payments to pay in part the Final Redemption Amount, partial payment of the Final Redemption Amount shall be made as described in Condition 7.1 (*Final redemption*). Payment of the unpaid portion of the Final Redemption Amount shall be deferred automatically until the applicable Extended Final Maturity Date. The Issuer shall be entitled to make payments in respect of the Final Redemption Amount on any Interest Payment Date thereafter up until the Extended Final Maturity Date.

Interest will continue to accrue and be payable on any unpaid amounts on each Interest Payment Date up to the Extended Final Maturity Date in accordance with the Conditions and the Issuer (or the Servicer on its behalf) will make payments on each relevant Interest Payment Date and Extended Final Maturity Date.

### *Appointment of a replacement Servicer*

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

In the event that no Replacement Servicer is appointed pursuant to the Transaction Documents, and in the event of the Issuer's insolvency under Greek Law 4261/2014 (special liquidation), the Bank of Greece may appoint a servicer, if the Trustee fails to do so. Any such person appointed shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed. Such replacement might not be made immediately upon the Issuer's insolvency.

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

#### *Limited description of the Cover Pool*

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

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

There is no assurance that the characteristics of the Loan Assets assigned to the Cover Pool will be the same as those Loan Assets in the Cover Pool as at that date. However, each Loan Asset will be required to meet the Eligibility Criteria and be subject to the representations and warranties set out in the Servicing and Cash Management Deed. In addition, the Programme provides that the assets of the Issuer are subject to certain Statutory Tests and an Amortisation Test. The Nominal Value Test is intended to ensure that the Principal Amount Outstanding of all Series of Covered Bonds then outstanding, together with all accrued interest thereon, is not greater than 95 per cent. of the Nominal Value of the Cover Pool (as determined pursuant to the Servicing and Cash Management Deed) for so long as Covered Bonds remain outstanding (although there is no assurance that it will do so) and the Asset Monitor will provide quarterly agreed upon procedures report on the required tests (including Nominal Value Test) where exceptions, if any, will be noted.

The Servicer will provide Servicer Reports that will set out certain information in relation to the Statutory Tests and following the occurrence of an Issuer Event, the Amortisation Test.

#### *Ratings of the Covered Bonds*

The credit ratings assigned to the Covered Bonds address:

- (a) the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each Interest Payment Date (in respect of Moody's only);
- (b) the probability of default and loss given default; and
- (c) the likelihood of ultimate payment of principal in relation to Covered Bonds on (a) the Final Maturity Date thereof, or (b) if the Covered Bonds are subject to an Extended Final Maturity Date in accordance with the applicable Final Terms, the Extended Final Maturity Date thereof (in respect of Moody's only).

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

In addition, the ratings assigned to the Covered Bonds may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, 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). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

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

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

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

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

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

Unless the Bearer Global Covered Bonds or the Registered Global Covered Bonds are exchanged for Bearer Definitive Covered Bonds or Registered Definitive Covered Bonds, respectively, which exchange will only occur in the limited circumstances set out under "*Forms of the Covered Bonds – Bearer Covered Bonds*" and "*Forms of the Covered Bonds – Registered Covered Bonds*" below, the beneficial ownership of the Covered

Bonds will be recorded in book entry form only with Euroclear and Clearstream, Luxembourg. The fact that the Covered Bonds are not represented in physical form could, among other things:

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

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

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

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

#### *Further Issues*

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

- (a) the Statutory Tests will be required to be met both before and immediately after any further issue of Covered Bonds; and
- (b) on or prior to the date of issue of any further Covered Bonds, the Issuer will be obliged to notify Fitch of the issue and obtain written confirmation from Moody's that such further issue would not adversely affect the then current ratings of the existing Covered Bonds.

#### *Obligations under the Covered Bonds*

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

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

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

- (a) provided that the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of any of the Covered Bondholders; or
- (b) which in the sole opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error.

*Certain decisions of Covered Bondholders taken at Programme level*

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

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

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

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

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

*Absence of secondary market*

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

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

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



*Credit ratings may not reflect all risks*

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

*General legal investment considerations*

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

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

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

*Covered Bonds subject to optional redemption by the Issuer*

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

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

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

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

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

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

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

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

If as a result of the occurrence of a breach of the Amortisation Test all Series of Covered Bonds become Pass Through Covered Bonds, there is a risk that, as a consequence of all Covered Bonds becoming Pass Through Covered Bonds, the speed of repayment of such Pass Through Covered Bonds will be reduced, because the available funds for repayment will be divided pro rata with respect to all Covered Bonds. In such case, it is likely that the repayment of such Covered Bonds will take longer. Covered Bondholders should be aware that the period in which the Issuer can repay Covered Bonds on a pass through basis is designed to match the underlying maturities of the loans comprising the Cover Pool and as a result any Series of Pass Through Covered Bonds may take a considerable time to be redeemed in full.

### ***General risk factors***

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

*The conditions of the Covered Bonds contain provisions which may permit their modification without the consent of all investors*

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

### ***Insurance***

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

### *Subsidy Payments*

In the Hellenic Republic, subsidies are available to borrowers under residential mortgage loans in respect of interest payments under such loans. Subsidies are available from the Greek State and/or Greek Manpower Employment Organisation (**OAED**) as a universal successor, as of February 2012, of the Greek Workers Housing Association (the **OEK**). Granting of new OEK Subsidized loans has ceased since July 2010, whereas State subsidized loans are still available for customers who meet the eligibility criteria. Under the terms of these loans, part of the interest for the first 8 (**State-subsidized loans**) or 9 years (**OEK loans**) is subsidized by the relevant Authority. The availability and amount of subsidy is determined by reference to the financial and social circumstances of a borrower, with a maximum of 44% subsidy for State-subsidized loans and 100% for OEK loans. The State and OEK subsidy payments will be transferred in accordance with Greek Law 3156/2003 along with the other receivables under the loan agreements.

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

The Greek State will make payments of the subsidised interest amounts to Alpha into the Alpha Bank BoG Account and then the Servicer shall be authorised to transfer such amounts to the Collection Account or, following an Issuer Event, to the Transaction Account in accordance with the terms of the Servicing and Cash Management Deed. The Servicer will notify the Greek State of the subsidised interest amounts that are payable by them and will undertake to take action necessary to ensure that the Greek State make payment of the subsidised interest amounts that are payable by them.

In respect of any other subsidised interest amounts provided by a Greek State owned entity, the Greek State owned entity will make payments of the subsidised interest amounts to Alpha into the Alpha Bank BoG Account and then the Servicer shall be authorised to transfer such amounts to the Collection Account or, following an Issuer Event, to the Transaction Account in accordance with the standard procedures applicable to such entity and the Servicer shall notify the relevant Greek State owned entity of the amount of any such subsidy due as soon as possible.

Although the Greek State, OAED or the relevant Greek State owned entity, as appropriate, is required to make the subsidised interest amounts, the relevant Borrowers also remain liable to pay the full amount of interest due under their Subsidised Loans. However, if the Greek State and/or OAED and/or the relevant Greek State owned entity fails to pay any subsidised interest amounts, then the Borrower (although liable for the full amount of the interest payment) may not be able to make all payments which are due under the relevant Subsidised Loan. If the Borrower fails to pay the full amount under the Subsidised Loan made to it, this may have an adverse impact on the funds available for the payments in respect of the Covered Bonds.

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

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

Despite the fact that the Greek State, OAED or any Greek State owned entity will not benefit from sovereign immunity in respect of their respective obligations under Greek law, investors should note that enforcement of judgments against the Greek State, OAED or any Greek State owned entity may be subject to limitations. If there is any change in Greek law or in administrative practice of the Greek State, OAED or any Greek State owned entity affecting the timing and amount of subsidised interest amounts otherwise payable (but for that change) then this could adversely affect the payments in respect of the Covered Bonds.

#### *Suspension of Enforcement Proceedings*

There are various provisions of Greek law which could result in enforcement proceedings against a Borrower being delayed or suspended. Enforcement proceedings are usually commenced against a Borrower in respect of a Loan once it becomes 180 Days in Arrears, at which point the Loan is terminated. An order of payment is obtained from the Judge of the competent Court of First Instance following service of the notice of termination of the Loan on the Borrower and non-payment by the Borrower. Enforcement is commenced by service of the order for payment and a demand to pay on the Borrower, with the ultimate target being the collection of the proceeds of the auction of the relevant property securing the Loan. See for further details "*The Mortgage and Housing Market in Greece - Enforcing Security*" below.

However, a Borrower may delay enforcement against the relevant property by contesting the order for payment and/or the procedure for enforcement which in turn will delay the receipt of proceeds from an enforcement against the property by the Issuer after the relevant Loan has been terminated. A Borrower can file a petition of annulment against the order for payment pursuant to Articles 632-633 of the Greek Civil Procedure Code (an **Article 632-633 Annulment Petition**) with the relevant Court of First Instance within 15 business days after service of the order for payment contesting the substantive or procedural validity of the order of payment. If the Borrower fails to contest the order for payment, the order may be served again on the Borrower and a further 15 business days are available to the Borrower to file an Article 632-633 Annulment Petition. The order for payment will be final either if both terms of 15 business days elapse or if the Court of Appeal rejects the Article 632-633 Annulment Petition.

The filing of an Article 632-633 Annulment Petition entitles the Borrower to file a petition for suspension of the enforcement against the relevant property pursuant to Article 632 of the Greek Civil Procedure Code (an **Article 632 Suspension Petition**). Upon filing an Article 632 Suspension Petition, enforcement procedures may be suspended until the hearing of the Article 632 Suspension Petition. Following the issue of a decision in relation to the hearing of the Article 632 Suspension Petition (which itself can take up to approximately two months to be issued), enforcement may be suspended until the Court of First Instance has issued a final decision in respect of the Article 632-633 Annulment Petition.

The Borrower may also file with the relevant Court of First Instance a petition for the annulment of certain actions of the foreclosure proceedings based on reasons pertaining to both the validity of the order of payment and to procedural irregularities (an **Article 933 Annulment Petition**) pursuant to Article 933 of the Greek Civil Procedure Code. Both Annulment Petitions may be filed either concurrently or consecutively, but it should be noted that the Article 632-633 and Article 933 Annulment Petitions may not be based on reasons pertaining to the validity of the order for payment, once the order for payment has become final as mentioned above. According to the provisions of Law 4335/2015, the ability of the debtor to challenge the compulsory enforcement actions, which are carried out by the creditor, is significantly restricted. In particular, by virtue of the provisions of the Code of Civil Procedure, as in force until 31.12.2015, the debtor was entitled to challenge separately each compulsory enforcement action and as a result the completion of the enforcement procedure was significantly delayed. However, by virtue of Law 4335/2015 the debtor is entitled to oppose to defects of the compulsory enforcement procedure in just two stages: the first one is set before the auction and is related to any reason of invalidity of the compulsory enforcement actions carried

out before the auction, whereas the second one is set after the auction and is related to any defects, which arose from the auction until the awarding.

The filing of an Article 933 Annulment Petition entitles the Borrower to file a petition for the suspension of the enforcement until the decision of the Court of First Instance on the annulment motion is issued pursuant to Article 938 of the Greek Civil Procedure Code (an **Article 937 Suspension Petition**). Again, foreclosure proceedings may be suspended until the hearing of the Article 937 Suspension Petition. In case where the Borrower seeks the suspension of the auction, the submission of the Article 937 Suspension Petition must take place five days prior to the auction and the relevant decision must be issued by 12:00p.m. on the Monday prior to the auction.

The minimum auction price is determined within the statement of the court bailiff and can be contested by the borrower or any other lender at the latest twenty (20) days before the auction date. The relevant court's decision should be published at the latest by 12.00 p.m. ten (10) days before the auction date.

Once the allocation of proceeds amongst the creditors of the Borrower has been determined pursuant to a deed issued by a notary public, the creditors of the Borrower may dispute the allocation and file a petition contesting the deed. The Court of First Instance will adjudicate the matter but the relevant creditor is entitled to appeal against the decision to the Court of Appeal. This procedure may further the collection of proceeds and the time at which the Issuer finally receives the proceeds of the enforcement of the relevant property. However, the law provides that a bank is entitled to the payment of its claim even if its allocation priority is subject to a challenge, provided that the bank provides a guarantee securing repayment of the money in the event that such challenge is upheld.

#### *Rescheduling of debts of distressed debtors*

On August 3, 2010, Law 3869/2010 was put in force with respect to the settlement of amounts due by indebted individuals. The law allows the settlement of amounts due, *inter alia*, to credit institutions by individuals evidencing permanent and general inability (without intention) to repay their due debts, by arranging the partial repayment of their due debts and writing off the remainder of their debts, provided the terms of settlement are observed. All individuals, both consumers and professionals, are subject to the provisions of Greek Law 3869/2010, with the exception of individuals who can be declared bankrupt. (For more information in respect of the provisions of Law 3869/2010, see section "*Regulation and Supervision of Banks in Greece - Settlement of Amounts Due by Indebted Individuals*").

Due performance by the debtor of the obligations imposed by the relevant court decision allows the discharge of all the remaining outstanding debts of the debtor against its creditors, even against those who have not announced their claims. This debt discharge could have negative implications for the Issuer in its capacity as creditor and could have a material adverse effect on its financial results.

#### *Auction Proceeds*

The proceeds of an auction following enforcement against a property securing a Loan are allocated in accordance with Articles 975, 976 and 977 of the Greek Civil Procedure Code, as amended by Law 4335/2015. As of 01.01.2016 onwards and in respect of demands for immediate payment served to the debtor after January 1<sup>st</sup>, 2016, the auction proceeds are allocated, after deduction of the enforcement expenses, for the satisfaction of the creditors in the following ranking order (the general privileges):

- (a) medical and funeral expenses of the debtor and his family that arose within the last twelve (12) months prior to the day of the public auction or the declaration of bankruptcy and compensation claims (except moral damages) due to physical disability exceeding eighty percent (80%) or more that arose until the day of the public auction or the declaration of bankruptcy.

- (b) expenses for the necessary food of the debtor and his family that arose during the last six months before the day of the public auction or the declaration of bankruptcy.
- (c) employee salaries, educator claims and lawyers' fees and expenses that arose within the last two years prior to the day of the first public auction or the declaration of bankruptcy. However, there is no limit set for claims raised by employees and lawyers for compensation due by reason of termination. The same rank also includes claims of the State arising out of the Value Added Tax (VAT) and any attributable or withholding taxes together with any increments and interests imposed on such claims, as well as claims of social security funds, alimony claims in case of the debtor's death and compensation claims due to disability exceeding sixty seven percent (67%) which arose up to the day of the public auction or the declaration of bankruptcy.
- (d) claims of farmers from the sale of agricultural products that arose within the last year prior to the day of the public auction or the declaration of bankruptcy.
- (e) claims of the State and municipalities arising out of any cause, together with any increments and interests imposed on such claims.
- (f) claims of the Compensation Fund for investment services firms, insofar as the debtor was an investment services firm and the claims of such fund were born within the two (2) years preceding the day of the public auction or the declaration of bankruptcy.

In case of concurrence of general and special privileges (e.g. a pledge or a mortgage) and non – privileged claims, the percentage of satisfaction of the creditors with general privileges is limited to twenty five percent (25%), whereas the percentage of satisfaction of creditors with special privileges is sixty five percent (65%). The remaining amount of ten percent (10%) of the auction proceeds is allocated to the non – privileged creditors. In case of concurrence of creditors with special privileges and non – privileged creditors, an amount of ninety (90%) is allocated to creditors with special privileges, while an amount of ten percent (10%) of the auction proceeds is allocated to the non-privileged creditors. In case of concurrence of claims with general privileges and non – privileged claims, the percentage of satisfaction of the former is seventy percent (70%).

Accordingly, the Issuer, as owner of a first ranking pre-notation could be limited to receiving 65% of the proceeds raised by an auction of a property securing a Loan if creditors with general privileges and non-privileged creditors exist. In such case, the proceeds may not be sufficient to discharge the amount that is owed by the Borrower to the Issuer under the Loan, which may in turn affect the Issuer's ability to meet its obligations in respect of the Covered Bonds.

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

#### *Greek Covered Bond Legislation*

In Greece, the primary legal basis for Covered Bonds issuance is article 152 of Law 4261/2014 (**Primary Legislation**). This provision is identical with the provision of Article 91 of the now repealed Law 3601/2007, which had entered into force on 1 August 2007. The transactions contemplated in this Base Prospectus are based, in part, on the provisions of the Greek Covered Bond Legislation. So far as the Issuer is aware, as at the date of this Base Prospectus there have been at least six similar programmes based upon the Greek Covered Bond Legislation and there has been no judicial authority as to the interpretation of any of the provisions of the Greek Covered Bond Legislation. For further information on the Greek Covered

Bond Legislation, see "*Summary of the Greek Covered Bond Legislation*". There are a number of aspects of Greek law which are referred to in this Base Prospectus with which potential Covered Bondholders are likely to be unfamiliar. Particular attention should be paid to the sections of this Base Prospectus containing such references.

#### *Insolvency proceedings and subordination provisions*

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

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this however, the US Bankruptcy Court has held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. The implications of this conflict remain unresolved, particularly as several subsequent challenges to the U.S. decision have been settled and certain other actions which raise similar issues are pending but have not progressed for some time.

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

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

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

#### *U.S. Foreign Account Tax Compliance Act Withholding*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30% 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 Covered Bonds 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 (see "Taxation – Foreign Account Tax Compliance Act"). 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. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Covered Bonds are discharged once it has made payment to, or to the order of, the Principal Paying Agent and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

#### *Changes of law*

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English and Greek law and administrative practice in effect as at the date of this Base Prospectus, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to English or Greek law (or the laws of any other jurisdiction) (including any change in regulation which may occur without a change in the primary legislation) or administrative practice in the U.K. or Greece after the date of this Base Prospectus or can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Covered Bonds.

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

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

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



### *Exchange rate risks and exchange controls*

The Issuer (or the Servicer on its behalf) will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency (the **Investor's Currency**). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds.

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

### *Greek Withholding Tax*

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

Pursuant to the Greek Income Tax Code (i.e. Greek law 4172/2013, as in force), Covered Bondholders who neither reside nor maintain a permanent establishment in Greece for Greek law tax purposes (the **Non-Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of 15%, if such payments are made directly to Non-Resident Covered Bondholders by the Bank or by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. Such withholding exhausts the tax liability of both individual and entity Non-Resident Covered Bondholders, subject to the submission of recent tax residence certificates or other evidence of non-residence; further, such withholding is in each case subjected 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 Covered Bondholders is a tax resident.

In addition, Covered Bondholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes (the **Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of 15 per cent., if such payments are made directly to Resident Covered Bondholders by the 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 exhausts the tax liability of Covered Bondholders who are natural persons (individuals), while it may not for other types of Covered Bondholders.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be deemed to be incorporated in, and form part of, this Base Prospectus:

1. Annual financial report (produced in accordance with Law 3556/2007) for the financial year ended 31 December 2014 for the Issuer, including:
  - (a) consolidated balance sheet set out on page 40 of the 2014 annual financial report;
  - (b) non-consolidated balance sheet set out on page 184 of the 2014 annual financial report;
  - (c) consolidated profit and loss accounts set out on page 39 of the 2014 annual financial report;
  - (d) non-consolidated profit and loss accounts set out on page 183 of the 2014 annual financial report;
  - (e) consolidated cashflow statements set out on page 44 of the 2014 annual financial report;
  - (f) non-consolidated cashflow statements set out on page 187 of the 2014 annual financial report;
  - (g) consolidated notes set out on pages 45-180 of the 2014 annual financial report;
  - (h) non-consolidated notes set out on pages 188-304 of the 2014 annual financial report;
  - (i) consolidated audit reports set out on pages 37-38 of the 2014 annual financial report; and
  - (j) non-consolidated audit reports set out on pages 181-182 of the 2014 annual financial report.
  
2. Annual financial report (produced in accordance with Law 3556/2007) for the financial year ended 31 December 2013 for the Issuer, including:
  - (a) consolidated balance sheet set out on page 38 of the 2013 annual financial report;
  - (b) non-consolidated balance sheet set out on page 188 of the 2013 annual financial report;
  - (c) consolidated profit and loss accounts set out on page 37 of the 2013 annual financial report;
  - (d) non-consolidated profit and loss accounts set out on page 187 of the 2013 annual financial report;
  - (e) consolidated cashflow statements set out on page 42 of the 2013 annual financial report;

- (f) non-consolidated cashflow statements set out on page 191 of the 2013 annual financial report;
  - (g) consolidated notes set out on pages 43-184 of the 2013 annual financial report;
  - (h) non-consolidated notes set out on pages 192-313 of the 2013 annual financial report;
  - (i) consolidated audit reports set out on pages 35-36 of the 2013 annual financial report; and
  - (j) non-consolidated audit reports set out on pages 185-186 of the 2013 annual financial report.
3. The Q3 consolidated financial report (produced in accordance with Law 3556/2007) for the period from 1 January to 30 September 2015 for the Issuer, including:
- (a) consolidated balance sheet set out on page 6 of the Q3 financial report;
  - (b) consolidated profit and loss accounts set out on page 5 of the Q3 financial report;
  - (c) consolidated cashflow statements set out on page 10 of the Q3 financial report;
  - (d) consolidated notes set out on pages 11-58 of the Q3 financial report;
  - (e) consolidated audit reports set out on pages 3-4 of the Q3 financial report; and
4. The Q3 non-consolidated financial report (produced in accordance with Law 3556/2007) for the period from 1 January to 30 September 2015 for the Issuer, including:
- (a) non-consolidated balance sheet set out on page 6 of the Q3 financial report;
  - (b) non-consolidated profit and loss accounts set out on page 5 of the Q3 financial report;
  - (c) non-consolidated cashflow statements set out on page 10 of the Q3 financial report;
  - (d) non-consolidated notes set out on pages 11-54 of the Q3 financial report;
  - (e) non-consolidated audit reports set out on page 3-4 of the Q3 financial report.
5. The terms and Conditions contained in the base prospectus dated 20 May 2010 on pages 64 to 100.
6. The terms and Conditions contained in the base prospectus dated 28 July 2011 on pages 68 to 105.
7. The terms and Conditions contained in the base prospectus dated 30 October 2014 on pages 89 to 125.

The Issuer's consolidated and non-consolidated annual financial statements are prepared in accordance with IFRS and are included in the annual financial reports produced in accordance with Law 3556/2007 for the Issuer.

For the purposes of items 4, 5 and 6 above, any supplement(s) to the base prospectuses mentioned in these items are not incorporated by reference as they are deemed not relevant for an investor.

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

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

Copies of documents incorporated by reference in this Base Prospectus pursuant to paragraphs 1 to 7 above can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg and for Covered Bonds listed on the official list of the Luxembourg Stock Exchange from the internet site of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

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

## TERMS AND CONDITIONS OF THE COVERED BONDS

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

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

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

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

The Covered Bonds and the Coupons (as defined below) are constituted by a trust deed (such trust deed as amended and/or supplemented and/or restated from time to time, the **Trust Deed**) dated the Programme Closing Date and made between *inter alios* the Issuer and Citicorp Trustee Company Limited at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the **Trustee**, which expression includes the trustee or trustees for the time being of the Trust Deed) as trustee for the Covered Bondholders.

The Covered Bonds and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated the Programme Closing Date and made between *inter alios* the Issuer, Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) Citibank, N.A., London Branch as registrar (the **Registrar**, which expression shall include any successor registrar, and, together with any transfer agent appointed thereunder, the **Transfer Agents**, which expression shall include any successor transfer agents) and together with the Paying Agents, the Registrar and any Calculation Agent referred to below, the **Agents**). Interest bearing Definitive Covered Bonds have (unless otherwise indicated in the applicable Final Terms) interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons

or talons. The Final Terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Covered Bond which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Covered Bond. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State.

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

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same 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.

Copies of the applicable Final Terms and the other Transaction Documents are available for inspection during normal business hours at the registered office of the Issuer and of the Principal Paying Agent and at the specified office of each of the other Paying Agents. If the Covered Bonds are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms and the other Transaction Documents will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed and the applicable Final Terms and the other Transaction Documents which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the other Transaction Documents.

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

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

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

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

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

It is a condition precedent to the issuance of a new Series or Tranche of Covered Bonds that (i) there is no Issuer Event or Event of Default outstanding and that such issuance would not cause an Issuer Event or Event of Default, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) Moody's have confirmed the then current rating of all Covered Bonds issued and outstanding under the Programme and that the ratings of such Covered Bonds will not be adversely affected or withdrawn as a result of such issuance and Fitch and DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS) have been notified of such issuance, (iv) such issuance has been approved by the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

### 2.3 Registration of transfer upon partial redemption

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

### 2.4 Costs of registration

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

## 3. Status of the Covered Bonds

The Covered Bonds and any relative Coupons constitute direct, unconditional and unsubordinated obligations of the Issuer secured by the statutory pledge provided by paragraph 4 of Article 152 of the Greek Covered Bond Legislation (the **Statutory Pledge**) on the Greek law Cover Pool Assets. They are issued in accordance with the Greek Covered Bond Legislation and are backed by the assets of the Cover Pool. The Covered Bonds will at all times rank *pari passu* without any preference among themselves, irrespective of their Series, for all purposes except for the timing of the repayment of principal and the timing and amount of interest payable.

## 4. Priorities of Payments

### 4.1 Pre Event of Default Priority of Payments

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

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

- (c) *third, pari passu and pro rata* according to the respective amounts thereof, to pay all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date, to the Account Bank and the Agents under the Bank Account Agreement and the Agency Agreement, respectively;
- (d) *fourth, pari passu and pro rata*, according to the respective amounts thereof, (i) to pay the Servicer an amount equal to any amount representing the cost of Levy in respect of such Loans received from Borrowers, such amount to be used by the Servicer towards satisfaction of the Issuer's obligation to pay any Levy, and (ii) to pay all amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (and for which payment has not been provided for elsewhere in this Pre Event of Default Priority of Payments), to any Secured Creditors other than the Account Bank, the Agents, the Hedging Counterparties and the Covered Bondholders and Couponholders;
- (e) *fifth, pari passu and pro rata*, according to the respective amounts thereof (a) to pay all amounts of interest due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date on any Covered Bonds and (b) to pay any amounts due and payable on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date under any Hedging Agreement other than Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements;
- (f) *sixth*, for so long as any Covered Bonds remain outstanding, to credit the Reserve Ledger with an amount equal to the difference between the Reserve Ledger Required Amount and the amount standing to the credit of the Reserve Ledger after having made the payments under paragraphs (a) to (e) above;
- (g) *seventh*, pay *pro rata* and *pari passu* (where such Series of Pass-Through Covered Bonds has an Extended Final Maturity Date that falls within 6 months of the relevant Programme Payment Date), principal in respect of each Series of Pass-Through Covered Bonds then outstanding on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (if any) on any such Series of Pass-Through Covered Bonds;
- (h) *eighth*, to pay *pari passu* and *pro rata*, (A) (where such Series of Pass-Through Covered Bonds has an Extended Final Maturity Date that does not fall within 6 months of the relevant Programme Payment Date) principal in respect of each Series of Pass-Through Covered Bonds then outstanding on the Programme Payment Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date (if any) on any such Series of Pass-Through Covered Bonds, and (B) in respect of any Accumulation Covered Bonds (or any Series of Covered Bonds which will become Accumulation Covered Bonds prior to the next following Programme Payment Date) to credit the relevant Accumulation Sub-Ledger with the Pro Rata Accumulation Amount;
- (i) *ninth*, for so long as any Covered Bonds remain outstanding, any remaining Covered Bonds Available Funds will remain standing to the credit of the Transaction Account, or, as applicable, be deposited in the Transaction Account, provided such amounts have not already been credited to the Accumulation Sub-Ledger in accordance with paragraph (g) above;
- (j) *tenth*, if no Covered Bonds remain outstanding, to pay *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable on the Programme Payment

Date, or to provide for all such amounts that will become due and payable prior to the next Programme Payment Date to any Hedging Counterparties arising out of any Subordinated Termination Payment; and

- (k) *eleventh*, if no Covered Bonds remain outstanding, to pay any excess to the Issuer.

#### 4.2 Post Event of Default Priority of Payments

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

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

## 5. Interest

The applicable Final Terms will indicate whether the Covered Bonds are Fixed Rate Covered Bonds, Floating Rate Covered Bonds or Zero Coupon Covered Bonds.

## 5.1 Interest on Fixed Rate Covered Bonds

This Condition 5.1 applies to Fixed Rate Covered Bonds only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.1 for full information on the manner in which interest is calculated on Fixed Rate Covered Bonds. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period (as defined in Condition 5.5 (*Business Day, Business Day Convention, Day Count Fractions and other adjustments*)) ending on (but excluding) such date will amount to the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on but excluding such date (**Fixed Coupon Amount**). Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the broken amount specified in the relevant Final Terms (the **Broken Amount**) so specified.

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

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

## 5.2 Interest on Floating Rate Covered Bond

This Condition 5.2 applies to Floating Rate Covered Bonds only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.2 for full information on the manner in which interest is calculated on Floating Rate Covered Bonds. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

### (a) Interest Payment Dates

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

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

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

(b) Rate of Interest

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

(c) ISDA Determination for Floating Rate Covered Bonds

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

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

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

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

(d) Screen Rate Determination for Floating Rate Covered Bonds

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

- (i) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

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

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

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

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

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

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

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

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

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Covered Bond shall be the

aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(g) Linear Interpolation

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

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

(h) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing or trading and to be published in accordance with Condition 17 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 5.5) thereafter and in the case of any notification to be given to the Luxembourg Stock Exchange on or before the first Business Day of each Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will promptly be notified to the Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing or trading and to Covered Bondholders in accordance with Condition 17 (*Notices*).

(i) Determination or Calculation by the Trustee

If for any reason at any relevant time after the Issue Date, the Principal Paying Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph 5.2(c) or 5.2(d) above as the case may be, and in each case in accordance with paragraph 5.2(f) above, the Trustee may determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee may calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Principal Paying Agent.

(j) Certificates to be final

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

5.3 Interest on Zero Coupon Covered Bonds

Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest. When a Zero Coupon Covered Bond becomes repayable prior to its Maturity Date it will be redeemed at the Early Redemption Amount calculated in accordance with Condition 7.7 (*Early Redemption Amounts*). In the case of late payment the amount due and repayable shall be calculated in accordance with Condition 7.10 (*Late Payment*).

5.4 Accrual of interest

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest will continue to accrue as provided in Condition 7.10 (*Late Payment*).

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

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Athens and any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or as otherwise specified in the applicable Final Terms or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

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

- (i) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii), the **Floating Rate Convention**, such Interest Payment Date (1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II)



below shall apply mutatis mutandis, or (2) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls within the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (ii) the **Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
  - (iii) the **Modified Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
  - (iv) the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.
- (c) **Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:
- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
    - (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period (as defined in Condition 5.2(c)(ii)) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
    - (B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of (I) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (II) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
  - (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
  - (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
  - (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

- (d) **Determination Date** has the meaning given in the applicable Final Terms.
- (e) **Determination Period** means each period from (and including) a Determination Date to (but **excluding**) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).
- (f) **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
- (g) **Interest Commencement Date** means in the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms from (and including) which the relevant Covered Bonds will accrue interest.
- (h) **Interest Payment Date** means, in respect of Fixed Rate Covered Bonds, the meaning given in the applicable Final Terms and in respect of Floating Rate Covered Bonds, the meaning given in Condition 5.2, together the **Interest Payment Dates**.
- (i) **Interest Period** means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
- (j) **Principal Amount Outstanding** means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day provided that the Principal

Amount Outstanding in respect of a Covered Bond that has been purchased and cancelled by the Issuer shall be zero.

- (k) If **adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention.
- (l) If **not adjusted** is specified in the applicable Final Terms against the Day Count Fraction, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, but such Interest Payment Dates shall not be adjusted in accordance with any Business Day Convention.
- (m) **sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01.

## 6. Payments

### 6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (b) 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; and
- (c) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6, means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

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

Payments will be subject in all cases 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, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. References to Specified Currency will include any successor currency under applicable law.

## 6.2 Presentation of Bearer Definitive Covered Bonds and Coupons

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

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

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

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

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

## 6.3 Payments in respect of Bearer Global Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Bearer Global Covered Bond against presentation or surrender, as the case may be, of such Bearer Global Covered Bond if the Bearer Global Covered Bond is not intended to be issued in new global covered bond (**NGCB**) form at the specified office of any Paying Agent outside the United States. On the occasion of each payment, (i) in the case of any Bearer Global Covered Bond which is not issued in NGCB form, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such

Bearer Global Covered Bond by the Paying Agent and such record shall be prima facie evidence that the payment in question has been made and (ii) in the case of any Global Covered Bond which is issued in NGCB form, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

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

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

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

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

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

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the

Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

#### 6.5 General provisions applicable to payments

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

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

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

#### 6.6 Payment Day

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

- (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:
  - (i) the relevant place of presentation;
  - (ii) London;
  - (iii) Athens; and
  - (iv) any Additional Financial Centre specified in the applicable Final Terms; and

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

#### 6.7 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
  - (b) the Final Redemption Amount (as defined in the Final Terms) (the **Final Redemption Amount**) of the Covered Bonds;
  - (c) the Early Redemption Amount of the Covered Bonds but excluding any amount of interest referred to therein;
  - (d) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
  - (e) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 7.7(b)); and
  - (f) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds.
- (b) Any reference in these Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

#### 6.8 Redenomination

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



The election will have effect as follows:

- (a) the Covered Bonds shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Covered Bond equal to the nominal amount of that Covered Bond in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, in consultation with the Agents and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the competent listing authority, stock exchange and/or market (if any) on or by which the Covered Bonds may be listed and/or admitted to trading and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 100,000 and/or such higher amounts as the Agents may determine and notify to the Trustee and the Covered Bondholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Covered Bondholders in euro in accordance with Condition 7 (*Redemption and Purchase*);
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in the Specified Currency in such manner as the Agents may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;
- (e) after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Covered Bonds to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;

- (g) if the Covered Bonds are Floating Rate Covered Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition (and the Transaction Documents) as the Issuer may decide, after consultation with the Agents and the Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

## 6.9 Definitions

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

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

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

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

**Early Redemption Amount** means the amount calculated in accordance with Condition 7.7 (*Early Redemption Amounts*).

**Established Rate** means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty.

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

**Extraordinary Resolution** means (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than three-fourths of the Principal Amount Outstanding of the Covered Bonds of the relevant Series which would be entitled to attend a meeting if a meeting were convened, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Covered Bondholders.

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

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

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

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

**Potential Event of Default** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or

request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

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

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

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

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

**Secured Creditors** means the Covered Bondholders, the Couponholders, the Trustee, any Receiver, the Asset Monitor, the Account Bank, the Agents, the Servicer, the Hedging Counterparties and any other creditor of the Issuer pursuant to any transaction document entered into in the course of the Programme having recourse to the Cover Pool.

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

## **7. Redemption and Purchase**

### **7.1 Final redemption**

- (a) Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date.
- (b) If an Extended Final Maturity Date is specified in the applicable Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms, then (subject as provided below) payment of any unpaid Final Redemption Amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date shall be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date *pro rata* and *pari passu* in respect of all Pass-Through Covered Bonds, in accordance with and subject to the relevant Priority of Payments, subject to the Issuer having funds available for such purpose in accordance with the Priority of Payments and Condition 7.7 (*Early Redemption Amounts*).
- (c) The Issuer shall use any amounts standing to the credit of the relevant Accumulation Sub-Ledger to redeem the relevant Series of Accumulation Covered Bonds on the Final Maturity Date.
- (d) Following the occurrence of an Issuer Event and breach of the Amortisation Test all Series of Covered Bonds become Pass Through Covered Bonds and the Issuer shall redeem all Series of Covered Bonds on each Interest Payment Date, in accordance with and subject to the relevant Priority of Payments.

- (e) The Issuer shall confirm to the Covered Bondholders (in accordance with Condition 17), the rating agencies, any relevant Hedging Counterparty, the Trustee, the Registrar (in the case of a Registered Covered Bond) and the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Final Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Covered Bonds on the Final Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.
- (f) Where the applicable Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Final Maturity Date shall not constitute a default in payment (but, for the avoidance of doubt, such failure to pay shall constitute an Issuer Event).

## 7.2 Redemption for taxation reasons

Subject to Condition 7.7 (*Early Redemption Amounts*) the Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the relevant Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if the relevant Covered Bond is a Floating Rate Covered Bond), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee and, in accordance with Condition 17 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that on the occasion of the next date for payment of interest on the relevant Covered Bonds, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*). Covered Bonds redeemed pursuant to this Condition 7.2 (*Redemption for taxation reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.7 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If an issuer call is specified in the applicable Final Terms (**Issuer Call**), the Issuer may (to the extent funds are available for such purpose), having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee, the Principal Paying Agent, the Registrar (in the case of the redemption of Registered Covered Bonds) and, in accordance with Condition 17 below, the Covered Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date specified in the applicable Final Terms and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any) as specified in the applicable Final Terms.

In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the **Redeemed Covered Bonds**) will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 17 (*Notices*) not less than 15 days (or such shorter period as may be specified in the applicable Final Terms) prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds or

represented by Global Covered Bonds shall, in each case, bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds or Global Covered Bonds outstanding bears, in each case, to the aggregate nominal amount of the Covered Bonds outstanding on the Selection Date, provided that such nominal amounts shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 17 (*Notices*) at least five days (or such shorter period as is specified in the applicable Final Terms) prior to the Selection Date.

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

- (a) If an investor put is specified as being applicable in the Final Terms (the **Investor Put**), then if and to the extent specified in the applicable Final Terms, upon the holder of this Covered Bond giving to the Issuer, in accordance with Condition 17 (*Notices*), not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice provided that the Servicer has notified the Trustee in writing that there will be sufficient funds available to pay any termination payment due to the relevant Covered Bond Swap Provider(s), redeem in whole (but not in part), such Covered Bond on the Optional Redemption Date as specified in the applicable Final Terms and at the relevant Optional Redemption Amount together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date.
- (b) If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must deliver such Covered Bond, on any Business Day (as defined in Condition 5.5) falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor Put in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 7.4.
- (c) Any Put Notice given by a Covered Bondholder of any Covered Bond pursuant to this Condition shall be irrevocable.

It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

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

- (a) If an investor Repurchase Put is specified in the Final Terms (the **Investor Repurchase Put**), then if and to the extent that the Issuer does not redeem the Covered Bonds in full on the Final Maturity Date (taking into account any applicable grace periods), upon the holder of this Covered Bond giving to the Issuer not less than 30 nor more than 60 days' notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, be required to purchase such Covered Bond on the date specified on such notice (the Repurchase Date) and at the relevant Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Final Terms, together, if applicable, with interest accrued to (but excluding) the relevant Repurchase Date.
- (b) If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond, the holder of this Covered Bond must deliver such Covered Bond, on any Business Day (as defined in Condition 5.5) falling within the above-mentioned notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise of the Investor Put in the form (for the time being current) obtainable from any specified office of any Paying Agent

(a Put Notice) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 7.5.

- (c) Any notice given by a Covered Bondholder of any Covered Bond pursuant to this Condition shall be irrevocable.

Any failure by the Issuer to repurchase Covered Bonds pursuant to this Condition shall not constitute an Event of Default.

## 7.6 General

Prior to the publication of any notice of redemption pursuant to Condition 7.2 (*Redemption for taxation reasons*) or Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*), the Issuer shall deliver to the Trustee a certificate signed by two directors (at the relevant time) of the Issuer stating that the Issuer is entitled or required to effect such redemption and setting forth a statement of facts showing that the conditions set out in Condition 7.2 (*Redemption for taxation reasons*) or Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*) for such right or obligation (as applicable) of the Issuer to arise have been satisfied and that the Issuer will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Covered Bonds and any amounts required under the Servicing and Cash Management Deed and/or the Deed of Charge to be paid *pari passu* with, or in priority to, the Covered Bonds and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions set out above, in which event it shall be conclusive and binding on all Covered Bondholders and Couponholders.

## 7.7 Early Redemption Amounts

For the purpose Condition 7.2 (*Redemption for taxation reasons*) and Condition 10 (Events of Default and Enforcement):

- (a) each Covered Bond (other than a Zero Coupon Covered Bond) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Covered Bond will be redeemed at an amount (the **Amortised Face Amount**) equal to the sum of:
- (c) the Reference Price; and
- (d) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation in paragraph (b) above is to be made for a period which is not a whole number of years, it shall be made (A) in the case of a Zero Coupon Covered Bond payable in a Specified Currency other than euro, on the basis of a 360-day year consisting of 12 months of 30 days each, or (B) in the case of a Zero Coupon Covered Bond payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non leap year divided by 365) or (C) on such other calculation basis as may be specified in the applicable Final Terms.

## 7.8 Purchases

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

## 7.9 Cancellation

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 7.8 (*Purchases*) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## 7.10 Late Payment

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

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

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

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

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

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

## 8. Taxation

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

## 9. Issuer Events

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

- (a) an Issuer Insolvency Event;
- (b) the Issuer fails to pay any principal due and payable on the Covered Bonds (which shall for these purposes be deemed to include a failure by the Issuer to pay any amount representing the Final Redemption Amount of the Covered Bonds notwithstanding that the relevant Series of Covered Bonds has an Extended Final Maturity Date) within a period of seven Athens Business Days or if the Issuer fails to pay interest in respect of the Covered Bonds of any Series within a period of seven Athens Business Days from the due date thereof;
- (c) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding on it (other than any obligation for the payment of amounts due under the Covered Bonds or Coupons of any Series) under the Trust Deed, the Deed of Charge or any other Transaction Document to which the Issuer is a party which, in the opinion of the Trustee, would have a materially prejudicial effect on the interests of the Covered Bondholders of any Series and (ii) (except where such default is or the effects of such default are, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required), such default continues for 30 days (or such longer period as the Trustee may permit) after written notice has been given by the Trustee to the Issuer requiring the same to be remedied;
- (d) any present or future Indebtedness in respect of moneys borrowed or raised in an amount of €15,000,000 or more (other than Indebtedness under this Programme) of the Issuer becomes due and payable prior to the stated maturity thereof as extended by any grace period originally applicable thereto; or if any present or future guarantee of, or indemnity given by the Issuer in respect of such Indebtedness is not honoured when called upon or within any grace period originally applicable thereto;
- (e) if there is a breach of a Statutory Test on a Calculation Date and such breach is not remedied within five Athens Business Days; or
- (f) if it is or will (in the opinion of the Trustee, having taken legal advice from a reputable firm of lawyers or a reputable legal expert) become unlawful or illegal for the Issuer to comply with any of its obligations under or in respect of the Covered Bonds or any of the Transaction Documents where such unlawfulness or illegality cannot be remedied and, in the case of an unlawfulness or illegality which can be remedied, is not covered within 30 days



after written notice has been given by the Trustee to the Issuer requiring the same to be remedied,

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

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

- (a) an order is made or an effective resolution passed for the liquidation or winding up of the Issuer, except for the purposes of a reconstruction, amalgamation or merger or following the transfer of all or substantially all of the assets of the relevant entity, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series or which has been effected in compliance with the terms of Condition 18;
- (b) the Issuer stops or threatens to stop payment to its creditors generally;
- (c) the Issuer shall stop or threatens to stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally;
- (d) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or over half of the assets of, the Issuer or an interim supervisor of the Issuer is appointed by the Bank of Greece or an encumbrancer shall take possession of the whole or over half of the assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or (in the opinion of the Trustee) a substantial part of the assets of the Issuer and in any of the foregoing cases it or he shall not be discharged within 60 days;
- (e) the Issuer is in a status of cessation of payments within the meaning of article 3 of the Greek Bankruptcy Code; or
- (f) a supervisor (Epitropos) of the Issuer is appointed in accordance with article 137 of Law 4261/2014 or Issuer is placed in liquidation in accordance with article 145 of Law 4261/2014.

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

capital stock or other ownership interest of any other classes which have voting power on the occurrence of any contingency).

## 10. Events of Default and Enforcement

### 10.1 Events of Default

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

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

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

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

### 10.2 Enforcement

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

In exercising any of its powers, trusts, authorities and discretions under this Condition 10.2 the Trustee shall only have regard to the interests of the Covered Bondholders of all Series taken together and shall not have regard to the interests of any individual Covered Bondholders (whatever their number) or any other Secured Creditors.

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

## 11. Prescription

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

The Issuer shall be discharged from its obligation to pay principal on a Registered Covered Bond to the extent that the relevant Registered Covered Bond certificate has not been surrendered to the Registrar by, or a cheque which has been duly despatched in the Specified Currency remains uncashed at, the end of the period of ten years from the Relevant Date for such payment.

The Issuer shall be discharged from its obligation to pay interest on a Registered Covered Bond to the extent that a cheque which has been duly despatched in the Specified Currency remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment.

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

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

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

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

## 13. Exchange of Talons

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

## 14. Trustee and Agents

- (a) In acting under the Agency Agreement and in connection with the Covered Bonds and the Coupons, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the

Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders or Couponholders.

- (b) The initial Agents and their initial specified offices are set forth in the Base Prospectus and in the Master Definitions and Construction Schedule. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and to appoint a successor Principal Paying Agent or Calculation Agent and additional or successor Agents *provided, however, that*:
- (c) there will at all times be a Principal Paying Agent and a Registrar;
- (d) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
- (e) if a Calculation Agent is specified in the relevant Final Terms, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall at all times maintain a Calculation Agent;
- (f) if and for so long as the Covered Bonds are listed on any stock exchange which requires the appointment of an Agent in any particular place, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall maintain an Agent having its specified office in the place required by such stock exchange;
- (g) Notice of any variation, termination, appointment or change in any of the Agents or in their specified offices shall promptly be given to the Covered Bondholders by the Issuer in accordance with Condition 17 (Notices); and
- (h) Under the Trust Deed and the Deed of Charge, the Trustee is entitled to be indemnified and/or secured and/or prefunded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its remuneration, costs and expenses and all other liabilities in priority to the claims of the Covered Bondholders and the other Secured Creditors.

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

- (a) *Meetings of Covered Bondholders*: The Trust Deed contains provisions for convening meetings of Covered Bondholders of each Series to consider matters relating to the Covered Bonds, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution of Covered Bondholders of the relevant Series. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer upon the request in writing signed by Covered Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Covered Bonds of the relevant Series. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority of the aggregate principal amount of the outstanding Covered Bonds of the relevant Series or, at any adjourned meeting, one or more persons being or representing Covered Bondholders of such Series whatever the principal amount of the Covered Bonds of such Series held or represented; *provided, however, that* Series Reserved Matters, described in the Trust Deed, may only be sanctioned by an Extraordinary Resolution passed at a meeting of Covered Bondholders of the relevant Series at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, not less than one-third of the aggregate principal amount of the outstanding Covered Bonds of the relevant Series form a quorum.

Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Covered Bondholders and Couponholders of the relevant Series, whether present or not.

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

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

- (b) *Rating Agency Confirmation and Notification:* Any such modification referred to in paragraph (a) above may only be effected provided that each of the Rating Agencies has been notified.
- (c) *Modification:* The Trustee may, without the consent or sanction of any of the Covered Bondholders or Couponholders of any Series or any of the other Secured Creditors (other than the Swap Providers in respect of a modification to the Pre Event of Default Priority of Payments, the Post Event of Default Priority of Payments, these Conditions, the Eligibility Criteria or the Servicing and Cash Management Deed which, in the opinion of the Trustee, adversely affects their interests (such consent or sanction not to be unreasonably withheld or delayed) at any time and from time to time concur with the Issuer and any other party, to:
  - (i) any modification (other than in respect of a Series Reserved Matter) of the terms and conditions applying to the Covered Bonds of one or more Series (including these Conditions), the related Coupons or any Transaction Document provided that in the sole opinion of the Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of such Series, or
  - (ii) any modification of the terms and conditions applying to Covered Bonds of any one or more Series (including these Conditions), the related Coupons or any Transaction Document which is in the sole opinion of the Trustee of a formal, minor or technical nature or is to correct a manifest error.

**Series Reserved Matter** means in relation to Covered Bonds of a Series:

- (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds other than in accordance with the terms thereof;

- (ii) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made other than in accordance with Condition 6.8;
  - (iii) alteration of the quorum or majority required to pass an Extraordinary Resolution;
  - (iv) the sanctioning of any such scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations; and
  - (v) alteration of this definition of Series Reserved Matter.
- (d) *Breach/ waiver:* The Trustee may without the consent of any of the Covered Bondholders of any Series and/or Couponholders and any Secured Creditors and without prejudice to its rights in respect of any subsequent breach, Issuer Event, Potential Event of Default, or Event of Default from time to time and at any time but only if in so far as in its opinion the interests of the Covered Bondholders of any Series shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Presents or the other Transaction Documents or determine that any Issuer Event, Potential Event of Default or Event of Default shall not be treated as such for the purposes of the Trust Presents PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred on it by this Condition 15(d) in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 10 (*Events of Default and Enforcement*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Covered Bondholders and/or the Couponholders and shall be notified by the Issuer (i) (if, but only if, the Trustee shall so require) to the Covered Bondholders in accordance with Condition 17 (*Notices*) and (ii) to the Rating Agencies as soon as practicable thereafter.
- (e) Notwithstanding the provisions of this Condition 15, the Trustee shall be obliged, without any consent or sanction of the Covered Bondholders of any Series, the related Receiptholders and/or the Couponholders and without the consent of the Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Series Reserved Matter), for the avoidance of doubt, irrespective of whether such modification is materially prejudicial to the interests of the Covered Bondholders of any Series, to:
- (i) the terms and conditions applying to the Covered Bonds of one or more Series (including the Conditions), the related Coupons or any Transaction Document for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that in relation to any amendment under this Condition 15, the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria and the Issuer either
    - (A) has obtained from each of the Rating Agencies written confirmation (or certifies in writing to the Trustee that it has been unable to obtain written confirmation, but has received either oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Covered Bonds by such Rating Agency and would not result in any Rating Agency placing any

Series of Covered Bonds on rating watch negative (or equivalent) or in relation to Fitch a 'no comments' confirmation in relation to the proposed amendments and, if relevant, delivers a copy of each such confirmation to the Trustee; or

- (B) certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Covered Bonds by such Rating Agency or such Rating Agency placing any Covered Bonds on rating watch negative (or equivalent); or
- (ii) the terms and conditions applying to the Covered Bonds of one or more Series (including the Conditions), the related Coupons or any Transaction Document for the purpose of complying with, or implementing or reflecting, any change that is requested by the Issuer in order to enable the Issuer to comply with any requirements which apply to it under Regulation (EU) 648/2012 (the **European Markets Infrastructure Regulation** or **EMIR**), subject to receipt by the Trustee of a certificate of the Issuer (upon which the Trustee may rely without further enquiry or liability to any person) certifying to the Trustee that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy any requirements which apply to it under EMIR,

provided that the Trustee shall not be obliged to concur with the Issuer in making any modification that may impact on the Trustee's rights, duties and obligations under the Trust Deed, the Conditions or any other Transaction Document.

## **16. Further Issues**

The Issuer may from time to time, without the consent of the Covered Bondholders or the Couponholders or any other Secured Creditors, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest thereon, issue date and/or issue price) so as to form a single series with the Covered Bonds provided that (i) no Issuer Event or Event of Default has occurred which is continuing and that such issuance would not cause an Issuer Event or Event of Default, (ii) such issuance would not result in a breach of any of the Statutory Tests, (iii) each Rating Agency has been notified of such issuance, (iv) such issuance has been approved by the Bank of Greece in accordance with paragraph II.3 of the Secondary Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.

## **17. Notices**

All notices regarding the Bearer Covered Bonds will be valid if published in one leading English language daily newspaper of general circulation in London or any other daily newspaper in London approved by the Trustee and, (for so long as any Bearer Covered Bonds are listed on the official list of the Luxembourg Stock Exchange) if published in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange [www.bourse.lu](http://www.bourse.lu). It is expected that such publication will be made in the Financial Times in London and (in relation to Bearer Covered Bonds listed on the official list of the Luxembourg Stock Exchange) in the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer or, in the case of a notice given by the Trustee, the Trustee shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Covered Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers or where published in such newspapers on different dates, the last date of such first publication). If publication as provided

above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Covered Bonds are listed, quoted or traded on a stock exchange or are admitted to listing or trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the relevant website or published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given on the date of such publication. If the giving of notice as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bearer Covered Bondholders.

So long as the Covered Bonds are represented in their entirety by any Global Covered Bonds held on behalf of Euroclear and/or Clearstream, Luxembourg, there may be substituted for such publication in such newspaper(s) or such mailing, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Covered Bondholders provided that, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to listing or trading by any other relevant authority and the rules of the stock exchange, or as the case may be, other relevant authority so require, such notice will be published on the relevant website or published in a daily newspaper of general circulation in the place or places required by that stock exchange or, as the case may be, any other relevant authority. Any such notice shall be deemed to have been given to the Covered Bondholders on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Covered Bond in definitive form) with the relevant Covered Bond or Covered Bonds, with the Principal Paying Agent (in the case of Bearer Covered Bonds) or the Registrar (in the case of Registered Covered Bonds). Whilst the Covered Bonds are represented by Global Covered Bonds, any notice may be given by any Covered Bondholder to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **18. Substitution of the Issuer**

- (a) If so requested by the Issuer, the Trustee may, without the consent of any Covered Bondholder or Couponholder or any other Secured Creditor, agree with the Issuer to the substitution in place of the Issuer of any other body incorporated in any country in the world as the debtor in respect of the Covered Bonds, any Coupons and the Trust Deed and each other Transaction Document (the **New Company**) upon notice by the Issuer and the New Company to be given to the Covered Bondholders and the other Secured Creditors in accordance with Condition 17 (*Notices*), *provided that*:
- (i) the Issuer is not in default in respect of any amount payable under the Covered Bonds;
  - (ii) the Issuer and the New Company have entered into such documents (the **Documents**) as are necessary, in the opinion of the Trustee, to give effect to the substitution and in which the New Company has undertaken in favour of the Trustee and each Covered Bondholder to be bound by the Trust Deed, these Conditions and each other Transaction Document as the



principal debtor in respect of the Covered Bonds in place of the Issuer (or of any previous substitute under this Condition 18 (*Substitution of the Issuer*));

- (iii) if the New Company is resident for tax purposes in a territory (the **New Residence**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **Former Residence**), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that the Trustee and each Covered Bondholder has the benefit of an undertaking in terms corresponding to the provisions of this Condition 8 (*Taxation*), with the substitution of references to the Former Residence with references to the New Residence;
  - (iv) the New Company and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the New Company of its obligations under the Transaction Documents;
  - (v) legal opinions shall have been delivered to the Trustee (with a copy of such legal opinions also to be provided to the Rating Agencies) from lawyers of recognised standing in the jurisdiction of incorporation of the New Company, in England and in Greece as to matters of law relating to the fulfilment of the requirements of this Condition 18 (*Substitution of the Issuer*) and that the Covered Bonds and any Coupons and/or Talons are legal, valid and binding obligations of the New Company;
  - (vi) if Covered Bonds issued or to be issued under the Programme have been assigned a credit rating by Fitch, DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS) and Moody's (together the **Rating Agencies** and each a **Rating Agency**), each Rating Agency has been notified of the proposed substitution and Moody's have confirmed, within 30 days of receiving such notice, that the then current rating of the then outstanding Covered Bonds would not be downgraded as a result of such substitution;
  - (vii) each stock exchange on which the Covered Bonds are listed shall have confirmed that, following the proposed substitution of the New Company, the Covered Bonds will continue to be listed on such stock exchange;
  - (viii) if applicable, the New Company has appointed a process agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Covered Bonds, the Trust Deed and/or any other Transaction Document;
  - (ix) without prejudice to the rights of reliance of the Trustee under the immediately following paragraph (x), the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Covered Bondholders of any Series; and
  - (x) if two directors of the New Company (or other officers acceptable to the Trustee) have certified that the New Company is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Trustee can rely on absolutely), the Trustee shall not be under any duty to have regard to the financial conditions, profits or prospect of the New Company or to compare the same with those of the Issuer.
- (b) Upon such substitution the New Company shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Covered Bonds, any Coupons and the Trust Deed with the same effect as if the New Company has been named as the Issuer herein, and the Issuer shall be released from its obligations under the Covered Bonds, any Coupons and/or Talons and under the Trust Deed.

- (c) After a substitution pursuant to Condition 18(a) the New Company may, without the consent of any Covered Bondholder or Couponholder, effect a further substitution. All the provisions specified in Conditions 18(a) and 18(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Company.
- (d) After a substitution pursuant to Condition 18(a) or 18(c) any New Company may, without the consent of any Covered Bondholder or Couponholder, reverse the substitution, *mutatis mutandis*.
- (e) The Transaction Documents shall be delivered to, and kept by, the Principal Paying Agent. Copies of the Transaction Documents will be available free of charge during normal business hours at the specified office of the Principal Paying Agent.

## 19. Renominalisation and Reconventioning

If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Covered Bondholders and Couponholders, on giving at least 30 days' prior notice to the Covered Bondholders and the Paying Agents, designate a date (the **Redenomination Date**), being an Interest Payment Date under the Covered Bonds falling on or after the date on which such country becomes a Participating Member State to redenominate all, but not some only, of the Covered Bonds of any series.

## 20. Governing Law and Jurisdiction

The Covered Bonds and any non-contractual obligations arising out of or in connection with the Covered Bonds shall be governed by, and shall be construed in accordance with, English law, save that the security under the Statutory Pledge referred to in Condition 3 (*Status of the Covered Bonds*) above, shall be governed by, and construed in accordance with Greek law.

## 21. Submission to jurisdiction

- (a) Subject to Condition 21(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Covered Bonds and the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds and the Coupons (a **Dispute**) and accordingly each of the Issuer and the Trustee and any Covered Bondholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 21, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Covered Bondholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

## 22. Appointment of Process Agent

The Issuer irrevocably appoints Alpha Bank London Limited at 66 Cannon Street, London EC4N 6EP (Attn.: Lindsay Mackay (Managing Director)/Graham Ballantyne (General Manager), Email: lindsaym@alpha-bank.co.uk/ grahamb@alpha-bank.co.uk, Fax: 0044 207 332 0010), as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Alpha Bank London Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for

service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

**23. Third Parties**

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999.

## FORMS OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without interest coupons and/or talons attached or registered form, without interest coupons and/or talons attached. Bearer Covered Bonds will be issued outside the United States in reliance on Regulation S and Registered Covered Bonds may be issued outside the United States in reliance on Regulation S.

### **Bearer Covered Bonds**

Each Tranche of Bearer Covered Bonds will initially be issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Global Covered Bond**) which will:

- (a) if the Bearer Global Covered Bonds (as defined below) are issued in new global covered bond (**NGCB**) form, as stated in the applicable Final Terms, be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (b) if the Bearer Global Covered Bonds are not issued in NGCB form, be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Bearer Covered Bonds will only be delivered outside the United States and its possessions.

Where the Global Covered Bonds issued in respect of any Tranche are in NGCB form, the applicable Final Terms will also indicate whether such Global Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Covered Bonds are to be so held does not necessarily mean that the Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGCBs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not issued in NGCB form) only outside the United States and its possessions and to the extent that certification (in a form to be provided by Euroclear and/or Clearstream, Luxembourg) to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a **Bearer Global Covered Bond**) of the same Series or (b) for Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against

certification of non-U.S. beneficial ownership as described above unless such certification has already been given. Purchasers in the United States and certain United States persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Global Covered Bond. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made outside the United States and its possession and through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Covered Bond (if the Permanent Global Covered Bond is not issued in NGCB form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, interest coupons and talons attached upon either (a) provided the Covered Bonds have a minimum Specified Denomination, or integral multiples thereof, not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) to the Principal Paying Agent as described therein or (b) upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Global Covered Bond (and any interests therein) exchanged for Bearer Definitive Covered Bonds. The Issuer will promptly give notice to Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 17 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Global Covered Bonds, Bearer Definitive Covered Bonds and any Coupons or Talons attached thereto will be issued pursuant to the Trust Deed.

The following legend will appear on all Bearer Covered Bonds (other than Temporary Global Covered Bonds) talons and interest coupons relating to such Bearer Covered Bonds where TEFRA D is specified in the applicable Final Terms:

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

The sections referred to provide that United States persons (as defined for U.S. federal tax purposes), with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, talons or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale or other disposition in respect of such Bearer Covered Bonds, talons or interest coupons.

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

## **Registered Covered Bonds**

Registered Global Covered Bonds will be (a) if the applicable Final Terms specify the Registered Global Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility (being the new safekeeping structure (NSS)), deposited on the relevant Issue Date with the Common Safekeeper; or (b) if the applicable Final Terms specify the Registered Global Covered Bonds are not intended to be held in a manner which would allow Eurosystem eligibility, deposited on the relevant Issue Date with a nominee or Common Depository for Euroclear or Clearstream, Luxembourg, as applicable.

Any indication that the Registered Global Covered Bonds are to be held in a manner which would allow Eurosystem eligibility does not necessarily mean that the Registered Global Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without Coupons or Talons attached only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (a) in the case of a Registered Global Covered Bond registered in the name of the Common Depository or its nominee, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Registered Global Covered Bond (and any interests therein) exchanged for Registered Definitive Covered Bonds. The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 17 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

## **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Covered Bonds*"), the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN and, where applicable, CINS number which are different from the common code, ISIN and CINS number assigned to Covered Bonds of any other Tranche of the same Series until at least the Exchange Date applicable to the Covered Bonds of such further Tranche.

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

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become so bound to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme.*

[Date]

### ALPHA BANK A.E.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]

Under the €8 billion

### Direct Issuance Global Covered Bond Programme

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 27 January 2016 [and the supplement to the Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the final terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus has been published on the Luxembourg Stock Exchange website (www.bourse.lu).

*[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Terms and Conditions**) set forth in the Base Prospectus dated [[20 May 2010] [28 July 2011] [30 October 2014]] which are incorporated by reference in the Base Prospectus dated 27 January 2016. This document constitutes the final terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 27 January 2016 [and the supplement to it dated [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectuses has been published on the Luxembourg Stock Exchange website (www.bourse.lu).

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

1. (a) Series Number: [ ]

(b) Tranche Number: [ ]



(c) Date on which the Covered Bonds will be consolidated and form a single Series: The Covered Bonds will be consolidated and form a single Series with [Provide issued amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issued Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below, which is expected to occur on or about [date]][Not Applicable]

2. Specified Currency or Currencies: [ ]

3. Aggregate Nominal Amount of Covered Bonds: [ ]

(a) Series: [ ]

(b) Tranche: [ ]

4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]

5. (a) Specified Denominations: [ ]

*(N.B. Covered Bonds must have a minimum denomination of EUR 100,000 (or equivalent))*

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

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

(b) Calculation Amount: [ ]

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

6. (a) Issue Date: [ ]

(b) Interest Commencement Date: [ ]

*(NB An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero Coupon Covered Bonds)*

7. (a) Final Maturity Date: *[Fixed rate - specify date / Floating rate - Interest Payment Date falling in or nearest to [specify month and year]*
- (b) Extended Final Maturity Date [ ]
- [Fixed rate – specify date / Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling 47 years after the Final Maturity Date]]*
8. Interest Basis: [[ ] per cent. Fixed Rate]
- [[LIBOR/EURIBOR] +/- [ ] per cent floating rate]
- [Zero Coupon]
- [From and including the date on which the Covered Bonds became Pass-Through Covered Bonds [[LIBOR/EURIBOR] +/- [●] per cent.]].
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date at [ ] per cent of their nominal amount
10. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 14 below and identify there]*[Not Applicable]
11. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
12. [Date [Board] approval for issuance of Covered Bonds obtained:] [ ]
- (N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds)*

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

13. **Fixed Rate Covered Bond Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date

- (b) Interest Payment Date(s): [[ ] in each year up to and including the Final Maturity Date, or the Extended Final Maturity Date, if applicable]  
*(Amend appropriately in the case of irregular coupons)*
- (c) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Not applicable]]
- (d) Additional Business Centre(s): [ ]
- (e) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount  
*(Applicable to Covered Bonds in definitive form)*
- (f) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not applicable]
- (g) Day Count Fraction: [30/360/Actual/Actual [(ICMA/ISDA)]] [adjusted/not adjusted]
- (h) [Determination Date [[ ] in each year][Not applicable]  
*(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*

14. **Floating Rate Covered Bond Provisions**

[Applicable/Not Applicable]

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

- (a) Interest Period(s) From and including the Issue Date to and including the Final Maturity Date, prior to the Covered Bonds becoming Pass-Through Covered Bonds. Following the Covered Bonds becoming Pass-Through Covered Bonds, [●] of each month up to but excluding the Extended Final Maturity Date.
- (b) Specified Interest Payment Dates [●], [●], [●] and [●] in each year up to and including the Final Maturity Date. Following the Covered Bonds becoming Pass- Through Covered Bonds, [●] of each month up to but excluding the Extended Final Maturity Date.

- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention] [Not applicable]
- (d) Additional Business Centre(s): [ ]
- (e) Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: [Screen Rate Determination / ISDA Determination]
- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]
- (g) Screen Rate Determination:
- Reference Rate: [From and including the Issue Date to but excluding the Specified Interest Payment Date prior to the Covered Bonds becoming Pass-Through Covered Bonds: [ ] month [LIBOR/EURIBOR]]  
  
Following the Specified Interest Payment Date prior to the Covered Bonds becoming Pass-Through Covered Bonds to but excluding the Extended Final Maturity Date: [ ] month [LIBOR/EURIBOR]]
  - Interest Determination Date(s): [ ]  
  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR or EURIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*  
  
*(N.B. Specify the Interest Determination Date(s) up to and including the Extended Final Maturity Date, if applicable)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (h) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]

- Reset Date: [       ]  
*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period).*
- (i) 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*)]
- (j) Margin(s): [+/-][       ] per cent. per annum
- (k) Minimum Rate of Interest: [       ] per cent. per annum
- (l) Maximum Rate of Interest: [       ] per cent. per annum
- (m) Day Count Fraction: [Actual/ Actual [(ICMA)/(ISDA)]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
30E/360 (ISDA)  
[adjusted/not adjusted]

**15. Zero Coupon Covered Bond Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Accrual Yield: [       ] per cent. per annum
- (b) Reference Price: [       ]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/[Not Applicable]]
- (d) Day Count Fraction in relation to Early Redemption Amounts and Late Payments: [30/360]  
[Actual/Actual [(ICMA)/(ISDA)]]  
[adjusted/not adjusted]

**PROVISIONS RELATING TO REDEMPTION**

**16. Notice periods for Condition 7.2 (*Redemption for taxation reasons*):**

Minimum period: [30] days  
Maximum period: [60] days

**17. Issuer Call**

[Applicable/Not Applicable]

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

- (a) Optional Redemption Date(s): [       ]

(b) Optional Redemption Amount(s): [ ] per Calculation Amount

(c) (If redeemable in part:

(i) Minimum Redemption Amount: [ ] per Calculation Amount

(ii) Maximum Redemption Amount: [ ] per Calculation Amount

(d) Notice Periods: Minimum period: [15] days

Maximum period: [30] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)*

18. **Investor Put**

[Applicable/Not Applicable]

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

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount(s) [ ] per Calculation Amount

(c) Notice periods: Minimum period: [15] days

Maximum period: [30] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee)*

19. **Investor Repurchase Put:**

20. **Final Redemption Amount:** [ ] per Calculation Amount

21. **Early Redemption Amount payable on redemption for taxation reasons or on event of default:** [ ] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. **Form of Covered Bonds:** [Bearer Covered Bonds:  
Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]]  
[Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only after an Exchange Event]]  
*(N.B. The exchange upon notice should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")*  
[Registered Covered Bonds:  
Registered in the name of a nominee of the [[common safekeeper]/[common depository for Euroclear and Clearstream, Luxembourg]]
23. **[New Global Covered Bond][New Safekeeping Structure]:** [Yes/No]
24. **Additional Financial Centre(s) or other special provisions relating to payment dates:** [Not Applicable/give details].  
*(Note that this item 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 paragraph [13(d) relates])*
25. **Talons for future Coupons to be attached to Bearer Definitive Covered Bonds:** [Yes, as the Covered Bonds 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]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Alpha Bank A.E.

**By:**

**Duly Authorised**



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) Admission to trading and admission to listing: [Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [*Specify relevant regulated market and, if relevant, listing on an official list*] with effect from [ ].

*(NB Where documenting a fungible issue need to indicate that original Covered Bonds are already admitted to trading.)*

- (b) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

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

*[insert details]* by *[insert 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 Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)

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

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

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

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

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

- (a) Reasons for the offer: [ ]

- (b) [Estimated net proceeds: [ ]

(c) [Estimated total expenses: [ ]]

**5. YIELD (Fixed Rate Covered Bonds only)**

Indication of yield: [ ] [Not Applicable]

**6. HISTORIC INTEREST RATES (Floating Rate Covered Bonds only)**

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

**7. OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

[(insert here any other relevant [ ]]  
codes such as CINS codes):

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s), number(s) and address(es)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [ ]

Names and addresses of additional Paying Agent(s) (if any): [ ]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered Covered Bonds] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and

registered in the name of a nominee of one of the ICSDs acting as common safekeeper)) [include this text for registered Covered Bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

**8. DISTRIBUTION**

Method of distribution: [Syndicated/Non-syndicated]

If syndicated, names of managers: [Not applicable/*give names*]

Date of [Subscription] Agreement: [ ]

Stabilisation Manager(s) (if any): [Not Applicable/*give name*]

If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]

U.S. Selling Restrictions: [Reg S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]

## INSOLVENCY OF THE ISSUER

The Greek Covered Bond Legislation contains provisions relating to the protection of the Covered Bondholders and other Secured Creditors upon the insolvency of the Issuer.

In the event of insolvency of the Issuer, the Greek Covered Bond Legislation provides that the Cover Pool will at all times remain segregated from the insolvency estate of the Issuer until payment of any amounts due to the Covered Bondholders has been made in full. Upon registration of the Registration Statements with the public registry, the issue of the Covered Bonds, the creation of the Statutory Pledge and the security governed by foreign law (including pursuant to the Deed of Charge), the payments to Covered Bondholders and other Secured Creditors and the entry into of any agreement relating to the issue of Covered Bonds will not be affected by the commencement of insolvency proceedings in respect of the Issuer. All collections from the Cover Pool Assets shall be applied solely towards payment of amounts due to the Covered Bondholders and other Secured Creditors.

Pursuant to the Greek Covered Bond Legislation, both before and after the commencement of insolvency proceedings in respect of the Issuer, the Cover Pool may be autonomously managed until full payment of the amounts due to the Covered Bondholders and the other Secured Creditors has been made. To ensure continuation of the servicing in the event of insolvency of the Issuer acting as the Servicer the Greek Covered Bond Legislation provides that the Transaction Documents may provide for the substitution of the Servicer upon the insolvency of the Issuer.

In the event of the Issuer's insolvency under Greek Law 4261/2014, in the event that no Replacement Servicer is appointed pursuant to the Transaction Documents, the Bank of Greece may appoint a servicer, if the trustee fails to do so. Such person may either be (a) an administrator or a liquidator (under articles 137 or 145 respectively of Greek Law 4261/2014), and in such an event servicing of the Cover Pool will be included in their general powers over the Issuer's assets; or (b) in addition to such persons, a person specifically carrying out the servicing of the Cover Pool. Any such person appointed as described in paragraph (a) or (b) above shall be obliged to service the Cover Pool in accordance with the terms of the Servicing and Cash Management Deed.

Any of the aforementioned parties performing the role of the servicer will be required to treat the Cover Pool as a segregated pool of assets on the basis of the segregation provisions of Article 152 and in accordance with the Servicing and Cash Management Deed, the terms of which, including, *inter alia*, the termination, substitution and replacement provisions, will at all times apply.

Further to the above, the covered bonds are excluded from the liabilities which are subject to the bail-in tool of article 44 of Greek law 4340/2015 (which transposed into Greek law article 44 of Directive 2014/59/EU) to the extent that they are secured. In particular, all secured assets relating to a covered bond cover pool should remain unaffected, segregated and with enough funding. However, the resolution authority may exercise its power of conversion or write down, where appropriate, in relation to any part of a secured liability to the extent that exceeds the value of the security.

## **USE OF PROCEEDS**

The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes.

## SUMMARY OF THE GREEK COVERED BOND LEGISLATION

*The following is a summary of the provisions of the Greek Covered Bond Legislation relevant to the transactions described in this Base Prospectus and of which prospective Covered Bondholders should be aware. The summary does not purport to be, and is not, a complete description of all aspects of the Greek legislative and regulatory framework pertaining to covered bonds and prospective Covered Bondholders should also read the detailed information set out elsewhere in this Base Prospectus.*

### **Introduction**

The transactions described in this Base Prospectus are the subject of specific legislation, the Greek Covered Bond Legislation. As mentioned elsewhere in the Base Prospectus, the Greek Covered Bond Legislation includes Article 152 of Greek Law 4261/2014 (such law being published in the Government Gazette No. 170/A/5-5-2014 and dealing with, *inter alia*, the access to the activity of credit institutions (transposition of Directive 2013/36/EU) (defined elsewhere in this Base Prospectus as Article 152) and the Act of the Governor of the Bank of Greece No. 2598/2007 entitled "Regulatory framework for covered bonds issued by credit institutions" and published in the Government Gazette No. 2236/B/21-11-2007, as amended and restated by the codifying Act of the Governor of the Bank of Greece No. 2620/2009 (published in the Government Gazette No. 2107/B/29-9-2009). The Greek Covered Bond Legislation has been enacted, with a view, *inter alia*, to complying with the standards of article 52(4) of Directive 2009/65/EC, and entitles credit institutions to issue (directly or through a special purpose vehicle) covered bonds with preferential rights in favour of the holders thereof and certain other creditors over a cover pool comprised by certain assets discussed in further detail below.

The provisions of the Greek Covered Bond Legislation that are relevant to the Programme may be summarised as follows:

### **Article 152**

Credit institutions may issue Covered Bonds pursuant to the provisions of Article 152 and the general provisions of Greek law on bonds (articles 1-9, 12 and 14 of Greek Law 3156/2003).

In deviation from the Greek general bond law provisions, the bondholders' representative (also referred to as the trustee) may be a credit institution or an affiliated company of a credit institution entitled to provide services in the European Economic Area. Unless otherwise set out in the terms and conditions of the bonds the trustee is liable towards bondholders for wilful misconduct and gross negligence.

#### *Cover Pool – composition of assets*

Paragraph 3 of Article 152 provides that the assets forming part of the cover pool may include receivables deriving from loans and credit facilities of any nature and, on a supplementary basis, receivables deriving from financial instruments (such as, but not limited to, receivables deriving from interest rate swaps contracts), deposits with credit institutions and securities, as specified by a decision of the Bank of Greece.

Following an authorisation originally provided by Article 91 of Greek Law 3601/2007 and repeated by Article 152, the Bank of Greece has defined, in the Secondary Covered Bond Legislation, the cover pool eligible assets as follows:

- (a) certain eligible assets set out in paragraph 8(b) of Section B of the Bank of Greece Act No. 2588/20-8-2007 (on the "Calculation of Capital Requirements for Credit Risk according to the Standardised Approach") (as amended as of 31 December 2010 by the Bank of Greece Act No. 2631/29-10-2010), including claims deriving from loans and credit facilities of any nature secured by residential real

estate. Following the entry into force of Regulation 575/2013 on 1 January 2014, the reference to paragraph 8(b) should be read as a reference to article 129 of Regulation 575/2013; and

- (b) derivative financial instruments satisfying certain requirements as to the scope thereof and the capacity of the counterparty.

Loans that are in arrears for more than 90 days shall not be included in the Cover Pool for the purposes of the calculations required under the Statutory Tests.

The Bank of Greece has also set out requirements as to the substitution and replacement of cover pool assets by other eligible assets (including, *inter alia*, marketable assets, as defined in the Act of the Monetary Policy Council No. 54/27-2-2004).

#### *Benefit of a prioritised claim by way of statutory pledge*

Claims comprised in the cover pool are named in a document (defined elsewhere in this Base Prospectus as a Registration Statement) signed by the issuer and the trustee and registered in a summary form including the substantial parts thereof, in accordance with article 3 of Greek Law 2844/2000. The form of the Registration Statement has been defined by Ministerial Decree No. 95630/8-9-2008 (published in the Government Gazette No 1858/B/12-9-2008) of the Minister of Justice. Receivables forming part of the cover pool may be substituted for others and receivables may be added to the cover pool in the same manner.

Holders of covered bonds and certain other creditors having claims relating to the issuance of the covered bonds (such as, *inter alios*, the trustee, the servicer and financial derivatives counterparties) named as secured creditors in the terms and conditions of the covered bonds are secured (by operation of paragraph 4 of Article 152) by a statutory pledge over the cover pool, or, where a cover pool asset is governed by foreign law, by a security *in rem* created under applicable law.

With respect to the preferential treatment of covered bondholders and other secured creditors and pursuant to paragraph 6 of Article 152, claims that have the benefit of a statutory pledge rank ahead of claims referred to in article 975 of the Code of Civil Procedure (a general provision of Greek law on creditors' ranking), unless otherwise set out in the terms and conditions of the covered bonds. In the event of bankruptcy of the issuer, covered bondholders and other creditors secured by the statutory pledge shall be satisfied in respect of the portion of their claims that is not paid off from the cover pool in the same manner as unsecured creditors from the remaining assets of the issuer.

To ensure bankruptcy remoteness of the assets in the cover pool, paragraph 7 of Article 152 provides that upon registration of the Registration Statement with the public registry, the validity of the issue of the covered bonds, the creation of the statutory pledge and the real security governed by foreign law, if any, the payments to covered bondholders and other creditors secured by the statutory pledge, as well as of the entry into force of any agreement relating to the issue of covered bonds may not be affected by the commencement of insolvency proceedings in respect of the issuer.

Paragraph 8 of Article 152 safeguards the interests of covered bondholders and other secured creditors in providing that assets included in the cover pool may not be attached/seized nor disposed by the issuer without the written consent of the trustee, unless otherwise set out in the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 deals with the servicing of the cover pool. In particular, it provides that the terms and conditions of the covered bonds may specify that either from the beginning or following the occurrence of certain events, such as, but not limited to, the commencement of insolvency proceedings in respect of the issuer, the trustee may assign to third parties or carry out itself the collection of and, in general, the servicing of the cover pool assets by virtue of an analogous application of the Greek provisions on servicing applicable to securitisations (paragraphs 14 through 16 of article 10 of Greek Law 3156/2003).

Paragraph 9 of Article 152 also provides that the trustee may also, pursuant to the terms and conditions of the bonds and the terms of its relationship with the bondholders, sell and transfer the assets forming part of the cover pool either by virtue of an analogous application of articles 10 and 14 of Greek Law 3156/2003 concerning securitisation of receivables or pursuant to the general legislative provisions and utilise the net proceeds from the sale to pay the claims secured by the statutory pledge, in deviation from articles 1239 and 1254 of the Greek Civil Code on enforcement of pledges and any other legislative provision to the contrary. For the purposes of facilitating the transfer pursuant to the above mentioned securitisation provisions of Greek Law 3156/2003 the transferor shall not be required to have a permanent establishment in Greece.

In the event of the issuer's insolvency the Bank of Greece may appoint a servicer, if the trustee fails to do so. Sums deriving from the collection of the receivables that are covered by the statutory pledge and the liquidation of other assets covered thereby are required to be applied towards the payment of the covered bonds and other claims secured by the statutory pledge pursuant to the terms and conditions of the covered bonds.

Paragraph 9 of Article 152 also deals with banking secrecy and personal data processing. In particular, it provides that the provisions of paragraphs 20 through 22 of article 10 of Greek Law 3156/2003 that regulate these issues in the securitisation transactions shall apply *mutatis mutandis* to the sale, transfer, collection and servicing, in general, of the assets constituting the cover pool.

Paragraph 11 of Article 152 confirms that covered bonds may be listed on a regulated market within the meaning of paragraph 10 of Article 2 of Greek law 3606/2007, as in force, and paragraph 14 of Article 4 of Directive 2004/39/EC and offered to the public pursuant to applicable provisions.

Article 152 authorises the Bank of Greece to deal both with specific issues, such as, the definition of the cover pool, the ratio between the value of the cover pool assets and that of covered bonds, the method for the evaluation of cover pool assets and requirements to ensure adequacy of the cover pool and any details in general for the implementation of Article 152.

### **The Secondary Covered Bond Legislation**

The Secondary Greek Covered Bond Legislation has been issued by the Bank of Greece by virtue of authorisations given by Article 91 of Greek Law 3601/2007 and repeated in Article 152 as aforesaid. To this effect, the Secondary Greek Covered Bond Legislation sets out requirements for the supervisory recognition of covered bonds, including, requirements as to the issuer's risk management and internal control systems; requirements as to a minimum amount of regulatory own funds on a consolidated basis and capital adequacy ratio; definition and eligibility criteria as to the initial cover pool and the substitution and replacement of cover pool assets; requirements in respect of the ratio between the value of the cover pool assets and the value of covered bonds, the ratio between the net present value of liabilities under the covered bonds and the net present value of the cover assets, the ratio between interest payments on covered bonds and interest payments on cover pool assets and the revaluation of the value of the real estate property mortgaged; requirements for the performance of quarterly reviews by the servicer and annual audits thereof by independent chartered accountants; requirement to appoint a trustee; provisions regarding measures to be taken in the event of insolvency procedures in respect of the issuer; procedures for the submission of documents to obtain approval by the Bank of Greece in respect of the issuance of covered bonds; provisions relating to the position weighting of covered bonds; and data reporting and disclosure requirements.



## THE ISSUER AND THE GROUP

The Issuer and its subsidiaries (together, the **Group**) is one of the leading banking and financial services groups in Greece, offering a wide range of services including retail banking, corporate banking, asset management and private banking, insurance distribution, investment banking and brokerage, treasury and real estate management. The Group is active in Greece, its principal market, and in most markets of South-eastern Europe (Romania, Cyprus, Serbia, Bulgaria, FYROM and Albania). The Group also maintains a presence in the United Kingdom and the Channel Islands. The Issuer is the parent company of the Group and its principal bank.

According to estimates on the basis of data published by the Bank of Greece, the Group has a strong market share in each of its four domestic lines of business (retail banking, corporate banking, asset management and investment banking and treasury) and this demonstrates resilience to the economic crisis. The Group's client base comprises of retail clients, small and medium-sized enterprises, self-employed professionals, large corporations, high-net worth individuals, private and institutional investors and the Greek government.

The Group, through an extensive national and international branch and ATM network, in combination with advanced online and telephone channels, offers banking and financial services to its individual and corporate customers. These features extend the Group's presence in the domestic Greek market, as well as in the international markets in which it operates.

The Issuer's management considers other competitive strengths of the Group as being its large customer base, its highly motivated and trained personnel, its advanced IT systems and its fairly recently reorganised and modernised branch network, which has extended its ability in product innovation and in offering a wide range of services and opportunities for cross-selling products of the Group through its traditional and alternative distribution channels.

The Issuer's financial performance showed continued improvement during 9M 2015. Core Pre-Provision income<sup>1</sup> stood at Euro 871.6 million, up by 8.7% y-o-y. Net Interest Income for the nine months period stood at Euro 1,445.5 million, up by 1.2% y-o-y mainly as a result of the on-going reduction in deposits cost which more than counterbalanced the increase in wholesale funding cost. Deposit cost benefited firstly by the time deposit on-going re-pricing and secondly by the change in deposit mix towards core deposits. Net fee and commission income stood at Euro 232.1 million, down by 6.6% y-o-y as fragile economic environment coupled with the impact of the capital controls, adversely affected business economic activities, customer loans restructuring efforts, as well as contribution from brokerage and wealth management.

**Operating expenses** were down by 14.4% y-o-y adjusted for the acquisition of Citibank's retail operations in Greece (excluding extraordinary items and integration costs) to Euro 844.7 million, well on track to outperform the Issuer's target of Euro 1.2 billion annual cost base for 2015. Cost to income ratio stood at 49.2% for the nine months of 2015. At the end of September 2015, **personnel expenses** amounted to Euro 399.5 million (adjusted for extraordinary and integration costs of Euro 2.3mn), down by 22.0% y-o-y on a comparable basis, mainly as a result of the reduced headcount following the successful Voluntary Separation Scheme (**VSS**) at the end of 2014 leading to the departure of 2,208 people. Group headcount in Q3 2015 stood at 14,201 Employees excluding staff of the Bulgarian operations. **General expenses** stood at Euro 367.0 million, down by 9.7% y-o-y on a comparable basis, firstly due to ongoing phase-in of synergies from Emporiki acquisition and secondly due to lower marketing expenses and promotion expenses as the economic environment remained subdued.

As at 30 September 2015, the Issuer had total assets of Euro 69.8 billion, total customer deposits (including debt securities in issue held by customers) of Euro 30.5 billion and total net loans of Euro 47.0 billion.

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<sup>1</sup> Core Revenues are defined as total income excluding income from financial operations and Core Pre-Provision Income (PPI) is defined as the Core Revenues minus Operating Expenses adjusted for integration and extraordinary costs.

As a result of the completion of Alpha Bank's share capital increase of Euro 2.563 billion in November 2015, by abolition of the pre-emption rights of the existing shareholders, the number of ordinary, registered, dematerialized shares with voting rights amounts to 1,536,881,200 of a nominal value of Euro 0.30 each. The number of common shares traded in the Athens Stock Exchange amounts to 1,367,706,054 whereas the Hellenic Financial Stability Fund (**HFSF**) holds the rest 169,175,146 common, registered, voting, dematerialised shares, which correspond to 11.01% of the total number of voting shares of the Issuer. The exercise of voting rights of HFSF shares is subject to restrictions according to Article 7a of L. 3864/2010.

As at 30 September 2015, the Issuer's equity was held by approximately 182,000 shareholders. On the same date, the shareholder base comprised of:

- institutional shareholders representing approximately 85 per cent. of the shareholder base (of which approximately 74 per cent. were foreign institutional investors and 11 per cent. were Greek institutional investors);;
- individuals representing approximately 4 per cent. of the shareholder base;
- the Hellenic Financial Stability Fund, representing approximately 11 per cent.

The Issuer holds no preference shares, as it repaid it (Euro 940 million) following the share capital increase of 2014 of Euro 1.2 billion.

### **2015 Capital Increase**

As background, by virtue of the resolution of the Extraordinary General Meeting of the shareholders of the Issuer that took place on 14 November 2015, the following items were resolved, among other things: (i) the increase of the nominal value of each share by way of a reverse split from Euro 0.30 to Euro 15.00 along with a decrease of the total number of the existing shares (including the capitalisation of an amount of Euro 42.60 in order to create an integral number of shares) from 12,769,059,858 to 255,381,200 ordinary, dematerialised, registered shares, with voting rights (each the **Ordinary Share**), by a ratio of one (1) new share to fifty (50) old shares and the subsequent decrease of the nominal value of each ordinary share from Euro 15.00 to Euro 0.30 and credit of the amount arising from the decrease to the special reserve of article 4 par. 4a of codified law 2190/1920; and (ii) share capital increase by payment in cash (including the equivalent to cash capitalisation of money claims), along with the abolition of the pre-emption rights for the shareholders of the Issuer, by the issuance of new, ordinary, registered, dematerialised shares, with voting rights to be specified by the Board of Directors of the Issuer.

The Issuer's Board of Directors at its meeting on 19 November 2015 specified the above resolution of the General Meeting regarding the share capital increase by the issuance of 1,281,500,000 new ordinary, registered, dematerialised shares of the Issuer, of a nominal value of Euro 0.30 per share (the **New Shares**) at a Euro 2 price per share (post reverse split) through: (i) payment in cash of an amount of Euro 1,552,169,172.00 via a private placement through a book-building process, which commenced and was completed outside Greece, pursuant to the exception of article 3 par. 2 indent (α), to qualified investors, in accordance with article 2 par. 1 indent (στ) of law 3401/2005 and pursuant to article 3 par. 2 indent (γ) of law 3401/2005, and (ii) capitalisation of monetary claims of an amount of Euro 1,010,830,828.00, in the context of the voluntary exchange of outstanding securities by their holders that participated in a liability management exercise. The proceeds from the capital increase were intended to strengthen the Issuer's capital adequacy ratios.

The Issuer was the first system bank in the Greek banking system to be recapitalised by private funds with its private placement having been covered by 1,72 times and with no further HFSF participation, as the latter held approximately 11% in the share capital of the Issuer with restricted voting rights.

### ***Acquisition of Citibank's Greek retail operations***

On 30 September, 2014, the Issuer announced the completion of the acquisition of the Greek retail banking business of Citibank (**Citi**), including Diners Club of Greece. The acquired operations include Citi's wealth management unit with Customers' assets under management of c. Euro 2.0 billion, including deposits of c. Euro 0.9 billion, net loans, mainly credit card balances of Euro 0.4 billion, as well as a retail network of 20 Branches servicing 480,000 Clients.

The acquisition of Citi's retail operations in Greece further strengthens Alpha Bank's position in the Greek banking system and enhances its offering to its affluent Customer base. Additionally, the partnership with Diners Club, a high quality brand, reinforces the Issuer's strong presence in the card and payments market.

The integration of Citi's retail operations is expected, within the next two years, to have a positive contribution to the Issuer's annual net income of Euro 50 million (including synergies).

### **2014 Capital Increase**

On 28 March 2014, the Extraordinary General Meeting of the Shareholders of the Issuer, approved the raising of capital by the Issuer, up to the amount of Euro 1.2 billion through a private placement with qualified investors, with the issuance of 1,846,153,846 new, ordinary, registered shares offered at Euro 0.65 each. The offering, which was fully underwritten by a syndicate of international banks, was priced on 25 March 2014, while the new shares commenced trading on the Athens Exchange on 4 April 2014.

The proceeds from the capital increase were intended to strengthen the Issuer's capital base with high-quality common equity capital and allow for the redemption of the Greek State Preference Shares of Euro 940 million, whereas the remaining amount of the capital raise was expected to cover the Euro 262 million capital needs assessed in the 2014 BoG Stress Test. The Greek State Preference Shares of Euro 940 million were subsequently redeemed on 17 April 2014.

### **2013 Capital Increase**

On 16 April 2013, the second iterative meeting of the Extraordinary General Meeting of the Issuer's Shareholders convened and approved the Issuer's €4,571 million Capital Strengthening Plan (announced on 2 April 2013) and granted the power to the Board of Directors to implement, assessing the financial conditions, the General Meeting's resolutions (the **Capital Strengthening Plan**). On 3 June 2013, the Issuer announced the successful completion of its €457.1 million rights issue (the **Rights Issue**), and the allotment of all of the shares offered in the €92.9 million private placement to institutional and other qualified private investors (the **Private Placement**). As a consequence, the Issuer was the first among the Greek banks, to meet successfully the required private sector contribution test by raising more than 10 per cent. of its total recapitalisation amount, of €4,571 million, from private investors. The remaining part of the €4,571 million Capital Strengthening Plan was covered by the HFSF through direct subscription. The Rights Issue was fully underwritten by a syndicate of international investment banks.

For each new share subscribed for in the capital increase by private sector investors, the HFSF issued on 10 June 2013 separately traded warrants which allow holders to purchase shares subscribed by the HFSF at selected intervals over the 4.5 years that follow the share capital increase, at the subscription price of €0.44 per share (**Subscription Price**) increased by an annual margin.

### **The Acquisition of Emporiki**

In February 2013, the Issuer announced the completion of transfer of Emporiki's entire share capital from Crédit Agricole, while the legal merger was completed on 28 June 2013. In connection with and prior to completion of the acquisition, Crédit Agricole completed a €2.9 billion recapitalisation of Emporiki and subscribed for convertible bonds (€150 million) which are convertible into the Issuer's Ordinary Shares,

beginning on the fourth anniversary of the completion of the acquisition of Emporiki, at Crédit Agricole's discretion and subject to certain terms and conditions. Crédit Agricole's investment in the Issuer provided further support to its capital ratios on top of Emporiki's recapitalised equity base. With regards to the Issuer's strategy, the acquisition of Emporiki further strengthened the corporate banking arm of the Issuer, while regarding the integration process, there has been a strong cultural fit based on similar corporate values between both banks.

## **2009 Capital Increase**

The Board of Directors of the Issuer, on 19 October 2009, resolved upon a rights issue through cash payment (with pre-emption and over subscription rights in favour of existing shareholders) and raised capital amounting to €986.3 million. The rights issue was successfully completed on 27 November 2009 and was oversubscribed 1.52 times.

## **2009 Issue of preference shares in favour of the Hellenic Republic**

In accordance with Greek Law 3723/2008, the Extraordinary General Meeting of Shareholders of the Issuer held on 12 January 2009 approved the increase of the share capital of the Issuer in a maximum amount of €950,000,000, in accordance with Greek Law 3723/2008, by means of the issuance and distribution of new, redeemable non-voting preference shares in registered form, together with the abolition of the pre-emptive rights, if any, of its existing shareholders. Such share capital increase was completed in May 2009 when the Greek State Preference Shares were issued to the Greek State, in return for the Greek State contributing Greek government bonds to the Issuer in kind.

On 17 April 2014, the Issuer fully redeemed to the Hellenic Republic the total amount of preference shares of Euro 940 million, issued to the latter by the Issuer.

## **Recent Developments**

### ***Approval of the Issuer's Revised Restructuring Plan***

On 12 June 2014, the Issuer submitted through the Greek Ministry of Finance to the European Commission (Directorate General for Competition) its restructuring plan, as stipulated in applicable legislation, while on July 9, 2014 the European Commission approved under State Aid rules the Issuer's restructuring plan and concluded that the measures already implemented and those included in the restructuring plan will enable the Issuer to return to viability.

On 12 June 2014, the Issuer submitted through the Greek Ministry of Finance to the European Commission (Directorate General for Competition) its restructuring plan, as stipulated in applicable legislation, while on 9 July 2014 the European Commission approved under State Aid rules the Issuer's restructuring plan and concluded that the measures already implemented and those included in the restructuring plan will enable the Issuer to return to viability.

Pursuant to the request by the DGComp dated 21 September 2015, the Issuer has revised its restructuring plan to reflect the current conditions of the targeted at the time recapitalization of the Issuer. The revised restructuring plan was approved by DGComp on 26 November 2015 and includes additional cost-saving measures to be implemented by the Issuer, including:

- decreasing the Issuer's branches in Greece to 563 by the end of 2017 from 627 as of 30 September 2015 (including nine business centres and nine private banking customer service centres);
- decreasing the number of employees of the Bank in Greece involved in banking or non-banking activities to 9,504 by the end of 2017 from 9,678 as of 30 September 2015;

- decreasing the Issuer's total expenses in Greece in banking and non-banking activities to €933 million by the end of 2017;
- decreasing the cost of funding through the rationalization of the cost of deposits in Greece, taking into account the relevant macroeconomic conditions;
- further enhancing the Issuer's balance sheet through compliance with a (net) loans/deposits ratio of 119% for the Issuer's activities in Greece by the end of 2018;
- limiting the size of the asset portfolio of the Issuer's activities outside of Greece by the end of June 2018;
- limiting the provision of additional capital to foreign subsidiaries;
- divesting the portfolio of securities of listed and private companies (with certain exceptions) by the end of 2017;
- decreasing the portfolio of business shareholdings of the Issuer by the end of 2017;
- limiting the purchase of non-investment grade securities;
- implementing guidelines in relation to the credit policy of the Group and the corporate governance framework, as well as other commitments, including: (i) restrictions on the ability of the Issuer to proceed with certain acquisitions; (ii) restrictions on the payment of dividends on securities that are taken into account for the calculation of own funds and on junior notes, unless such payment of dividends is imposed by the law; and (iii) restrictions to the redemption or exercise of the early repayment right of securities that are taken into account for the calculation of own funds and of junior notes; and
- observing a cap in relation to total annual wages (salaries, social security contributions, bonuses) that the Issuer may pay to any employee or senior officer.

The revised restructuring plan has been prepared by the Issuer on the basis of the following assumptions (to which the DG Comp and HFSF have consented) in relation to the macroeconomic conditions in Greece for the years indicated:

	2015	2016	2017	2018
GDP (annual increase) .....	(2.3)%	(1.3)%	2.7%	3.1%
Inflation (annual increase) .....	(0.4)%	1.5%	0.9%	1.0%
Unemployment.....	26.9%	27.1%	25.7%	24.2%

### ***Sale of Bulgarian Branch***

The Issuer has been operating in Bulgaria through a branch network since 1995. The Issuer offers a wide range of products and services in retail banking, SME and corporate banking as well as bancassurance.

As of 30 September 2015, Alpha Bank Bulgaria had 82 branches and 727 employees. As of 30 September 2015, loans to customers amounted to €471.4 million and deposits from customers amounted to €256.3 million.

On 6 November 2015, the Issuer concluded a definitive agreement regarding the acquisition of the Issuer's branch in Bulgaria by Eurobank's subsidiary in Bulgaria, Postbank, subject to the receipt of regulatory and supervisory approvals. The sale is expected to be completed in the first quarter of 2016.

## BUSINESS OF THE GROUP

### Introduction

The Issuer was established in 1879 as the banking branch of J.F. Costopoulos Company. On 11 April 2000 Alpha Credit Bank A.E. merged with Ionian Bank and the new entity was renamed Alpha Bank A.E.

The Issuer was incorporated and registered in the Hellenic Republic as a public company under Greek Codified Law 2190/20 with limited liability (registration number 6066/06/B/86/05) on 10 March 1918. The Issuer is subject to regulation and supervision by the ECB, the Bank of Greece, the Hellenic Capital Market Commission (the "HCMC"), the Greek Ministry of Development and Greek banking, securities and accounting laws.

The Issuer is the parent company of the Group and its principal bank. Under its current organisational structure, the activities of each of its companies are divided into five business units, with enhanced management and administrative responsibilities, as well as a sixth category for its other activities.

The Group offers a wide range of financial services to retail and corporate customers in Greece, its principal market, and in most markets of SEE (Cyprus, Romania, Serbia, FYROM and Albania), while also maintaining a presence in the United Kingdom and in Jersey. On 6 November 2015, the Issuer reached a definitive agreement regarding the sale of Alpha Bank's branch in Bulgaria to Eurobank's Postbank (subject to regulatory and supervisory approvals, expected to be completed in the first quarter of 2016).

The Issuer has the following business units:

- **Retail Banking**, which includes all retail customers of the Group, including professionals and small businesses active in Greece or internationally, excluding SEE's countries. Through its Greek branch network, the Issuer offers products such as savings accounts, current accounts, investment facilities and term deposits, repos (an alternative form of customer deposit whereby the customer sells its term deposit to the Issuer and receives the equivalent value of the bond as collateral held by the Issuer), swaps, loan facilities (housing, consumer and corporate loans and letters of guarantee) and debit and credit cards to these customers.
- **Corporate Banking**, which includes all medium - and large-sized corporate clients, including corporations with multi-national activities and shipping corporations active in Greece or internationally, excluding SEE's countries. To these corporate customers the Issuer offers a full range of working capital facilities, corporate loans and letters of guarantee. Alpha also offer to these clients leasing and factoring services through the Issuer's specialised subsidiaries Alpha Leasing S.A. and ABC Factors S.A., respectively.
- **Asset Management/Insurance**, which offers a wide range of asset management services through the Issuer's private banking business and its subsidiary Alpha Asset Management. In addition, a range of insurance products is also distributed by the Issuer to individuals and corporations through AXA (formerly known as Alpha Insurance A.E. prior its sale to AXA by the Issuer in March 2007) or through the Issuer's subsidiary Alphalife.
- **Investment Banking/Treasury**, which offers stock exchange, advisory and brokerage services relating to capital markets, investment banking facilities and treasury services, provided by either the Issuer directly, or through its specialized Subsidiaries Alpha Finance A.E.P.E.Y. and Alpha Investments A.E. It also includes the Issuer's interbank dealing room for bonds, futures, interest rate swaps, foreign exchange swaps, interbank placements and borrowings, etc.

- **SouthEastern Europe**, which consists of the Issuer's branches and subsidiaries that operate in Romania, Cyprus, Serbia, Albania and FYROM.
- **Other activities**, which consist of the Issuer's subsidiaries offering services other than financial services, as well as non-operating or non-recurring income and expenses.

The Issuer's loan business in Greece constituted the 84.9% and 84.0% of the total loan portfolio of the Group as of 30 September 2015 and 31 December 2014, respectively.

In September 2014, the Issuer completed the acquisition of Citibank's Greek retail banking business, including the acquisition of the total of shares of Diners Club of Greece SA. The acquired operations comprise Citibank's wealth management unit with customers' assets under management of approximately €2.0 billion, including deposits of €0.9 billion and net loans, mainly credit card balances, of €0.4 billion, as well as a retail branch network of 20 units serving approximately 480,000 clients. In June 2015 Diners Club of Greece SA was merged into the Issuer.

**In February 2013, the Issuer completed the acquisition of Emporiki from Crédit Agricole. On 28 June 2013 Emporiki was merged into the Issuer. The transaction represented a major step in the restructuring of the Greek banking sector, adding €19.1 billion in assets to the balance sheet of the Group and significantly enhancing the Issuer's capital position.**

The Issuer is a major participant in the retail banking sector in Greece and as at of September 30, 2015, had a domestic network of 609 branches, 9 corporate (commercial) centres and 9 private banking customer service points. Each Greek branch network is supported by a nationwide network of 1,115 ATMs. Its retail banking activities and products include deposits, investment products, distribution of bancassurance and standard insurance products (most commonly, policies attached to mortgage sales), banking activities on commission (mutual funds, credit cards, capital transfers, brokerage activities and payroll services), loans to individuals (consumer and mortgage loans) and loans to small-sized firms.

#### ***Retail deposits***

The deposits of the Greek private sector decreased during 2014 at a rate of -1.82%. During the period of January to 30 September 2015, the developments in the macroeconomic environment resulted in additional decreases at a rate of 24.09%.

The Issuer offers a full range of products and services, aiming to best serve its customers' needs.

#### ***Retail loans***

Total gross loans on a consolidated basis attributed to the Retail Banking business unit before impairment, amounted to €34.8 billion as of 30 September 2015, an increase of 2.1%, compared to €34.1 billion as of 31 December 2014. The gross loans balance as of 30 September 2015, excludes the balances of the Issuer's branch in Bulgaria which are reported as discontinued operations.

#### ***Mortgage Loans***

Over the last few years, the Greek mortgage market has shrunk as a result of the economic downturn. The prevailing economic uncertainty, the decrease in disposable income and the additional tax burden on real estate resulted in a reluctance of households to enter long-term commitments and investments in property.

Recognising the difficulties that an ever increasing portion of its customers faces, the Issuer continuously enriches its mortgage loans products, providing new repayment options. These changes have been widely accepted by customers, since they give them the opportunity to adjust their monthly instalments according to their current finances and therefore enable them to meet their payments promptly.



Paying particular attention to maintaining the quality of the portfolio, new credit criteria and personalised solutions to debt restructuring have been adopted to facilitate the orderly repayment of loans. The centralised procedures for mortgage approvals and operational support ensure a uniform and effective management of mortgage loans.

*As of 30 September 2015, the housing gross loans portfolio stood at €17.2 billion for Greece. Consumer Loans*

In the Greek sector of the consumer loan business, the Issuer offers financial solutions through a consumer loans product portfolio that has been designed to respond to the needs of the Issuer's retail banking customers. The Issuer's outstanding balances stood at approximately €5 billion as of 31 December 2014 and €5.1 billion as at 30 September 2015. **Payment Cards**

Alpha Bank maintains a portfolio of 3.65 million credit and debit cards. The credit and debit card turnover in 2014 was approximately €2.6 billion giving Alpha Bank one of the leading positions in the Greek market. Due to the significant increase of card usage (mainly debit) after the imposition of capital controls, in 2015 the Issuer's credit and debit cards turnover is expected to reach €3 billion. The outstanding balance of credit cards as of 30 September 2015 was €1.4 billion. With the acquisition of Citibank's Greek Retail Banking operations, and the launch of the significant partnership with China UnionPay (CUP), Alpha Bank is the only cards acquirer in the Greek market of the five major global payment schemes (American Express, Diners Club, Visa, MasterCard and UnionPay). Since 1995, the Issuer is the sole Issuer Bank & Acquirer Bank of American Express Cards in Greece, and, as of 2014, of Diners Club Cards as well.

Alpha Bank maintains a leading position in the Greek market with a network of approximately 100,000 participating businesses with over 120,000 sales points and a market share exceeding 45%.

### **Loans to Small Businesses**

During 2014, the Issuer continued to support small businesses and professionals by promoting debt restructuring programs in order to facilitate their repayment ability, and facilitate the rebuilding of their business activities. Small businesses financing facilities (annual turnover up to €2.5 million or credit limit up to €1 million) in Greece stood at an outstanding balance of €6.6 billion as at of 30 September 2015.

### **Wholesale Banking**

#### **Corporate Banking**

The Issuer provides a full range of corporate banking services to Greek companies, foreign corporations active in Greece and, to a lesser degree, public sector entities. Corporate clients serviced by the Issuer's Corporate Banking division generally have an annual turnover of at least €75 million. The Issuer's credit portfolio in 2014 and in the first nine months of 2015 was mainly concentrated in the manufacturing and trade sectors, while the rest of the portfolio was spread among entities in the construction and real estate, transportation, tourism and public sectors.

The Issuer offers a number of services to the Issuer's commercial customers, including acceptance of deposits, short, medium and long-term lending both in euro and foreign currencies, cashing checks, foreign exchange transactions, transactions in treasury and money market instruments, letters of guarantee, factoring and leasing. Moreover services offered include other cash and risk management services. The Issuer also provides certain other banking services to corporate customers, including arrangement and participation in syndicated loans to large-sized companies and participation in bilateral restructuring transactions, according to clients' capital and financial needs.

## **Corporate Centres**

The Issuer operates nine corporate centres that provide services to approximately 8,700 medium-sized companies, with credit limits over €1 million, and/or annual turnover between €2.5 million and €75 million.

Through these corporate centres, the Issuer provides this sector with a centralised customer relationship management system, which under the current adverse economic conditions has enabled us to maintain a high-quality, medium-size companies' portfolio mainly by focusing on balancing the collateral provided by each company with the assessment of the company's credit-worthiness.

## **Shipping Finance**

The Issuer has been involved in shipping finance, providing specialised products and services (remittances, foreign exchange transactions, hedging solutions, etc.) to the Greek ocean-going shipping companies that mainly control ocean-going tankers and dry bulk carriers and coastal shipping, for the last 17 years.

The Issuer remains one of the main lenders of Greek shipping and, in that respect, in the first nine months of 2015, it granted a small number of new loans with conservative criteria. With a shipping loan portfolio of around €2 billion as of September 30, 2015, exposure to shipping companies accounted for 90% (44% dry bulk carriers, 40% tankers, 6% container carriers), while loans to coastal shipping accounted for 10%. Furthermore, 23% of shipping loans were participations in syndicated loans and 77% were bilateral loans. At the same time, the Issuer strengthened its position in the shipping sector through a substantial increase in the volume of banking transactions executed by shipping clients (in both traditional and specialized products).

Despite the fluctuations in the freight market, as well as in the global economy, Greek ship owners preserve their dedication and dynamism in the sector. As bank loans, a major source of funds, are though confined nowadays. In that respect, catering to the Issuer's clients' business requirements remains a main focus.

## **Alpha Leasing**

Alpha Leasing, established in 1981, is a wholly owned subsidiary of the Issuer, and provides a wide range of financial leasing services and products to its customers. Alpha Leasing is service oriented, focusing on the selective implementation of its customers investment plans (2,042 customers as of 30 September 2015), while securing low risk and acceptable return levels for its portfolio. As of 30 September 2015, total receivables from leasing (post provisions) amounted to €706 million (compared to €770 million on 31 December 2014). Alpha Leasing currently had 47 employees.

## **ABC Factors**

Through ABC Factors, the Issuer provides a wide range of factoring services (domestic factoring with and without recourse, reverse factoring, invoice discounting, accounts receivables control, management and collection services, import and export factoring and forfaiting). Since establishment in 1995, ABC Factors holds a leading position in the Greek factoring market based on the value of the assigned receivables and profit before taxes, according to a comparable analysis of the competition (Source: Hellenic Factoring Association). ABC Factors continued its growth during the first nine months of 2015, achieving an increase of the turnover (amount of trade receivables) of 4.04% compared to 2014, denoting €3.22 billion, and engaging 86 employees.

## **Asset Management & Insurance**

The Asset Management & Insurance Unit includes private banking, asset management, and insurance services.

## **Private Banking Unit**

Since 1993, the Issuer has been providing a full range of portfolio management services as well as banking services to high net-worth clients. The services are provided under the trade name Alpha Private Bank, by a network of eight exclusively designated Private Banking Centres and ten service points at selected Alpha Bank branches in the country's largest cities and one Private Banking Centre in the United Kingdom, Alpha Bank London, a 100% owned subsidiary bank, regulated by the Bank of England.

Aiming to optimize the advisory and portfolio management services, the Issuer introduced in 2015 a brand new support unit under the supervision of the Private and Investment Banking Executive General Manager. The unit named Investment Portfolio and Analysis Division, consists of a team of portfolio management counsellors and analysts with the objective to provide continuous and cutting edge supporting guidance to Front Line Relationship Managers as well as to selected clients.

The Issuer's network is staffed with 77 specialized and certified private bankers in Greece and six bankers in London. The operational integration of the former Citibank Greece contributed new assets under management of €0.7 billion resulting in total funds of over €4 billion and 6,700 investment portfolios as of 30 September 2015. The integration of former Citibank activities served the Issuer's goal to upgrade the Issuer's operational efficiency by adopting best practices and know-how widely tested by a global financial organization such as Citibank.

## **Alpha Asset Management A.E.D.A.K.**

Alpha Asset Management A.E.D.A.K.'s objective is the development and management of mutual funds, offered to private and institutional clients of Alpha Bank. Additionally, it is actively engaged in the portfolio management of institutional investors such as Pension/Occupational Funds, insurance companies and other entities. The company offers a wide range of investment solutions, consisting of 27 mutual funds covering almost all investment categories (equities, bonds, money market and alternative investments), providing access both to developed and emerging markets.

Alpha Asset Management A.E.D.A.K. is the second largest mutual funds management company in Greece and as of 30 September 2015, its market share stood at 13.8% of the entire mutual funds' industry (source: Hellenic Fund & Asset Management Association, Total Assets of Mutual Funds by Management Company on 30 September 2015). As of 31 December 2014 total assets under management of the Company stood at €1.7 billion, of which €1.2 billion are invested in mutual funds and €500 million in segregated accounts of institutional clients. Respectively as of 30 September 2015, total assets under management of the Company stood at €1.2 billion, of which €1.06 billion are invested in mutual funds and €140 million in segregated accounts of institutional clients.

## **Alphalife A.A.E.Z.**

Alphalife A.A.E.Z., a wholly owned subsidiary of the Issuer, is active exclusively in the Bancassurance market of investment and pension life insurance products, solely through the branch network of the Issuer.

Despite the fact that the commencement of its business in 2010 coincided with the economic recession in Greece, there has been an increase in premium production, in the portfolio of insurance contracts and in reserves and assets under the management of AlphaLife during the period between 2010 and 30 September 2015. Key figures for 30 September 2015, are: insurance premiums €34.1 million, assets under management €177.1 million and net profits before tax €2.4 million.

## **Investment Banking & Treasury**

### **Investment Banking**

The Investment Banking Unit includes the activities of Corporate Finance, Project Finance and Real Estate Investments, as these are described below.

#### **Corporate Finance**

Corporate Finance offers services relating to mergers and acquisitions, restructurings, privatisation projects, valuations, capital markets transactions, public tenders and concessions.

Investment banking services in 2014 focused primarily on the provision of advisory services to private sector companies in valuations, mergers and acquisitions transactions, as well as in privatisation projects under the Hellenic Asset Development Fund. Advisory services were also offered in connection with a number of rights issues of companies trading on the ATHEX.**Project Finance**

The Issuer holds a leading position in the Greek Project Finance market, offering structured finance on a non-recourse basis for large projects in infrastructure (toll roads, airports, ports etc.) and energy (renewable energy sources, chiefly wind parks, thermal power plants, and cogeneration plants), either on a bilateral or a syndicated basis, in Greece and abroad. The Issuer is also active in structured financings of real estate projects in Greece and Southeastern Europe, on the basis of projected cash flows.

In 2015, for the nine months ended 30 September 2015, the Issuer provided two new financings in the renewable energy sector as well as financial advisory services to Fraport Slentel for the structuring and arrangement of the financing of the Regional Airports privatization. The division's loan balances remained at the same level of approximately €1.20 billion over this period due to scheduled repayments.

#### **Real Estate Investments**

The Issuer continues with its operations in the area of Real Estate Investments, in Greece and in SEE, including the formulation and execution of related strategic and business plans of real estate assets acquired as a result of the enforcement of the respective securities under loan facility agreements. The aim of the Investment Banking Division's management is to safeguard and maximize recovery value of those assets, as well as to secure their efficient and risk-fenced management through the establishment of Special Purpose Vehicle Companies (SPVs). Investment Banking Division acts in close collaboration with, Alpha Astika Akinita S.A. (AAA), as well as with its subsidiaries in SEE and other external partners.

#### **Brokerage Services**

The brokerage services of the Group are provided by Alpha Finance A.E.P.E.Y., which offers a wide range of services in stocks and derivatives. Alpha Finance A.E.P.E.Y. is a member of the ATHEX and the Cyprus Stock Exchange, and services a wide range of institutional and retail clients. In addition, Alpha Finance A.E.P.E.Y. acts as a market maker for the Alpha ETF FTSE Athex Large Cap Equity Fund and for shares and derivatives traded on the ATHEX.

For the nine months ended 30 September 2015, Alpha Finance A.E.P.E.Y. reported net after tax losses of €1.19 million on revenues of €5.63 million, with shareholders' funds amounting to €32.64 million, compared to net after tax income of €0.16 million on revenues of €8.02 million and shareholders' funds of €34.11 million for the respective period in 2014.

## **Treasury**

The Issuer participates in the interbank spot, bonds and derivatives markets. Advanced risk metrics system, along with the Issuer's conservative trading stance have contributed to adverse risk limitation, comfortable adaptation to market changes and enhanced income achievements. The Treasury Division participates in primary and secondary capital markets, is responsible for covering short and long term funding needs of the Issuer and the Group, advises issuers on potential capital markets transactions, and is in charge of hedging risk via derivatives transactions. Additionally, the Treasury Division manages and develops relations with other financial institutions and correspondent banks..

## **Venture Capital and Equity Financing**

Venture capital and equity financing services are provided through Alpha Ventures S.A. and through Alpha TANE0 AKES Fund, with €39 million and €14 million under management, respectively as of 30 September 2015. Alpha TANE0 AKES, which is funded 49% by the state-owned New Economy Fund and 51% by the Issuer, is managed by Alpha Ventures Capital Management, a wholly owned subsidiary of Alpha Ventures S.A.

Both funds aim to invest primarily in SMEs at mature or at early stages of development, with clear export orientation and high growth prospects, mainly arising from their application of innovative methods and technologies. The investment period is between three and five years, and the exit occurs mainly through a trade sale or listing on a reputable stock exchange.

## **South Eastern & Rest of Europe**

The Group is active in the SEE having a presence in Cyprus, Romania, Serbia, Albania, and FYROM as well as in the United Kingdom through its London Branch and the subsidiary Alpha Bank London Ltd. The Group also has a presence in Jersey. As of 30 September 2015, the Group in SEE and rest of Europe had a total of 302 Branches and 4,612 employees. On 6 November 2015, the Issuer concluded a definitive agreement regarding the acquisition of the Issuer's branch in Bulgaria by Eurobank's subsidiary in Bulgaria, Postbank (subject to regulatory and supervisory approvals, expected to be completed in the first quarter of 2016).

As of 30 September 2015, gross loans in SEE, amounted to €9.4 billion corresponding to 15.1% of total loans of the Group on a consolidated basis, while deposits amounted to €3.7 billion corresponding to 12% of total deposits of the Group on a consolidated basis.

In the countries in which the Group operates, uniform systems and policies across key operations (such as risk management and internal audit for processing and monitoring retail applications, NPLs and credit risk assessments for corporate loans) have been implemented. These are built on the standards applicable to the Group's Greek operations and are adapted to each country's local regulatory and legal framework.

## **Other Activities**

### **Alpha Astika Akinita A.E. (AAA)**

Alpha Astika Akinita S.A. was founded in 1942 and since 1999 the company's shares have been listed on the Athens Stock Exchange. The company is operating mainly in the Greek real estate market. It also extends its activities in the markets of Serbia, Romania, Bulgaria and FYROM through its subsidiaries, Alpha Real Estate D.O.O. BEOGRAD, Alpha Real Estate Services S.R.L, Alpha Real Estate Bulgaria E.O.O.D., Chardash Trading E.O.O.D. and Alpha Astika Akinita D.O.O.E.L. Skopje.

The main objective of Alpha Astika Akinita S.A. is to manage and value real estate properties and rights owned by the Group. Furthermore, it offers appraisal, technical consultation and comprehensive services for

exploiting real estate owned by third parties. Regarding its property management services, brokerage, property valuation, investment appraisals, project management and evaluation of property development projects, Alpha Astika Akinita S.A. has been certified with ISO 9001.

Moreover, the company owns the 18.42% of the share capital of Propindex S.A., a company which creates, calculates and produces indicators related to the real estate market.

Emporiki Management S.A., a subsidiary of the Issuer, provides services related to asset liquidation, debt collection, management and liquidation of companies, as well as financial advice related to these activities.

### **Ionian Hotel Enterprises (IHE)**

IHE was established in 1957 with the aim of constructing and operating high-quality hotel units. IHE is listed on the ATHEX, and its market capitalization, as of 30 September 2015, amounted to €114.4 million. As of 30 September 2015, IHE had a total of 365 permanent employees.

IHE owns the Athens Hilton Hotel. In June 2000, IHE concluded a 10-year agreement with Hilton International to manage the Athens Hilton Hotel, effective from 1 January 2004. In 2014, the agreement was extended until 31 December 2017.

### **Custodial Services**

The Issuer has a specialized organizational unit that performs custodial functions servicing institutional clients. As of 30 September 2015, the value of the clientele's portfolio amounted approximately to €2.7 billion, while the fees for 2015 amounted to approximately €1.7 million. The main categories of institutional clients under custody are insurance companies, banks, and asset management companies, including Alpha Asset Management A.E.D.A.K., which is the largest client under custody.

### **NPL Management**

As a result of the sustained downturn of the Greek economy, where GDP has declined since 2009, the quality of the loan book has deteriorated, and the Issuer experienced increased NPLs across all business segments. In response to this, the Issuer has focused on three core NPL prevention and resolution strategies:

- Emphasis on collection efforts, particularly with respect to borrowers in early arrears;
- Improvement of security position through additional pre-notations on physical collateral; and
- Offering of loan modifications to borrowers in an attempt to alleviate their short term financial difficulties. This ensured that the Issuer could supplement these modifications, if required, once a more stable macroeconomic environment allows an improved performance visibility.

As conditions have remained very tight amidst a very challenging economic outlook, the Issuer has continuously reviewed and adapted its NPL strategy to address this unfavourable economic environment. During 2014 and 2015 the Issuer has undertaken a major overhaul of its NPE Management infrastructure and Strategy, leveraging, among others, recommendations of the Bank of Greece Troubled Asset Review, as well as provisions in the Bank of Greece Executive Acts 42/2014 and 47/2015.

The development of targeted long-term sustainable modifications represents a major shift from the previously shorter-term focus, while collection efforts and improved security position continue to be core aspects of the Issuer's strategy. At the same time, key operational features were also reviewed and updated as appropriate:

- Organizational Restructuring: Significant redesign and development of a dedicated and independent NPL management structure, including improvements to the organizational structure, heightened governance, and thorough NPL policies and processes;
- Portfolio Segmentation and Analytics: Defined and detailed execution strategies with roll out currently ongoing, including a robust segmentation framework;
- Flexible and advanced modification products (e.g. split balance) and closure procedures (e.g. out of court settlements);
- Operations and Resource Management with specialized teams and targeted training;
- Substantial investments in technology and automations, including auto dealers and frontline decision making tools (e.g. NPV calculators).

These operational changes have been combined with major strategic components, in particular:

- Joint venture with special servicer Aktua Soluciones Financieras (owned by Centerbridge): This joint venture, which based on current negotiations is expected to commence operations in the first quarter of 2016, will enable the Issuer to more actively and efficiently manage NPLs and REOs by leveraging the expertise of a leader in the special servicing industry.
- Loss Budget Framework: A detailed loss budget framework was developed in cooperation with an international strategic consultant to facilitate the execution of the NPL resolution strategy. The framework enables the Issuer to:
  - Allocate yearly loss budgets by (sub-)portfolio to best meet NPL management targets;
  - Monitor key performance indicators of NPL resolution strategy performance of the Issuer; and
  - Identify "top down" strategies per cohorts / segments.
- Wholesale REO Strategy: A review of the existing Real Estate Owned (REO) strategy to determine the best way to maximize value for the Issuer in the current economic environment.

Some of the above initiatives have already been implemented and rolled out (e.g. Organisation, Systems, Analytics), whereas others have been developed and are being rolled out in the last or coming months.

Furthermore, these strategic initiatives and the execution of the resolution strategy are expected to benefit from a number of changes in the Greek legislative landscape and economic environment, including:

- Structural reforms: The structural reforms as part of the third bailout package are expected to benefit the Issuer's ability to execute their resolution strategy, in particular the state-wide Juridical System Reform, the new Civil Procedure Code, an expansion of the loan servicing industry, removal or alleviation of the residential real estate moratorium, and ultimately a re-emergence of a secondary loan market.
- Macro-economic recovery: The expected improvement of economic performance (as envisaged in the SSM macroeconomic forecast), as well as the anticipated release of capital controls, are expected to assist borrowers in meeting modified obligations, improve collateral valuations, and give greater transparency on projected borrower performance.

## **Distribution Networks**

### **Branch Networks**

The Issuer's presence in Greece and the other countries in which it operates is supported by a network comprised of 993 branches. As of September 30, 2015, the branch network in Greece numbered 609 branches, 9 corporate centres and 9 private banking customer service points.

### **Alternative Networks**

As of 30 September 2015, customer transactions executed during 2015 through alternative distribution channels reached €222.9 million (62.9%), compared to €171.7 million (58.9%) during the same period at the previous year. The alternative distribution channels and electronic banking services offered by the Issuer are the following:

#### ***Automated Banking Devices***

Automated Banking Devices include Automated Teller Machines (ATMs) and Automated Cash Transaction Centres (ACTCs) for transactions with cash deposits (deposits and payments). As of 30 September 2015, the network in Greece accounted for 1,115 ATMs (678 located in the Issuer's branches and 437 in selected off-site positions), in which 61.2 million transactions were performed from the beginning of the year (worth a total of €8.3 billion). The ATM network abroad numbered 589 devices, while the ACTCs network numbered 285 units, in which 4.2 million transactions were performed during the first nine months of the year (worth a total of €948.7 million).

#### ***Alpha Web Banking***

The Issuer, in 1993, was the first Greek bank to introduce online banking with Alpha Line, a PC-banking application. Soon after the internet became available in Greece, Alpha Bank introduced the Alpha Web Banking for retail and corporate customers banking, with a constant focus on usability and safety of transactions.

#### ***Alpha Mobile Banking***

It includes the provision of banking services via mobile phone. Customers can monitor their account and credit card balances, transfer funds and make payments to third parties, as well as be informed about the foreign exchange rates and share prices.

#### ***Alpha Phone Banking***

Alpha Phone Banking offers banking services by phone, either with the usage of an automated system (IVR technology), or through the single telephone customer service centre (Call Centre).

#### ***Alpha Global Cash Management***

Aiming to serve the needs of the Greek internationalised enterprises, the Issuer offers the Alpha Global Cash Management service, providing to its users the ability to manage the cash flows of their enterprise or group, in real time.

#### ***Alpha Web International Trade***

The service, which launched in 2007, has been designed to satisfy international trade needs of the Issuer's corporate customers. Specifically, clients can monitor the status of transactions, send electronic requests for



settlements and for imports documentary credits, as well as submit the required documentation in electronic form.

### ***Mass Collections/Payments Services through Electronic Transmission of Files***

The mass collection/payments services include the credit transfer, payment and direct debit services (e.g. payroll, payment of suppliers, utility payments etc.). The service is available through either an Internet based platform (Alpha Mass Payments) with a very user-friendly environment, or by means of file transfer facility through a host.

### ***Alpha e-Commerce***

The Issuer's electronic commerce service enables customers to conduct secure online purchases through the internet using their debit or credit card.

### ***Alpha e-Statements***

The service is offered through Alpha Web Banking for individuals and enterprises, and gives access to copies of the statements of accounts, credit cards, business loans, and mortgage and consumer loans. The Issuer, in its effort to continuously improve the electronic services offered, has expanded the Alpha e-statement service to include more products and services, contributing in that means to the personal data and the environment protection.

## RISK MANAGEMENT

### Risk Management Framework

The Group has established a comprehensive management framework, which has evolved over time, and takes into account the common European legislation and banking system rules, the regulatory principles and supervisory guidance and the best international practices. This risk management framework is implemented in the course of day-to-day business, enabling corporate governance to remain effective.

The Group's focus is to maintain the highest operating standards, ensure compliance with regulatory risk rules and retain confidence in the conduct of its business activities through the sound provision of financial services.

Furthermore, as of November 2014, the Group falls under the SSM, which is the new system of prudential regulation comprising the ECB and the Bank of Greece. In addition, as a significant credit institution, the Group is directly supervised by the ECB.

The SSM works in cooperation with the EBA, the European Parliament, the Eurogroup, the European Commission, the competent national resolution authorities, the Single Resolution Mechanism, and the European Systemic Risk Board (**ESRB**), within their respective competences.

The CRD IV and the CRR became effective on 1 January 2014. The Directive and the Regulation gradually introduce the new capital adequacy framework (**Basel III**) of credit institutions.

In this new regulatory and supervisory risk management framework, the Group strengthens the internal governance and strategy of risk management and redefines its business model in order to achieve full compliance with the increased regulatory requirements and the guidelines relating to the governance of data risks, data collection, and data incorporation in the required reports towards the management and supervisory authorities.

The new approach of the Group sets up a foundation for the continuous redefinition of its Risk Management strategy through (a) the determination of the extent to which the Issuer is willing to undertake risks (risk appetite) (b) the assessment of the potential impacts of business development strategies in the definition of Risk Management limits, to ensure that the relevant decisions combine the anticipated profitability with the potential losses and (c) the development of appropriate monitoring procedures of implementation of these strategies through a mechanism which allocates Risk Management responsibilities between the Issuer units. Specifically, the Group develops, taking into consideration the nature, scale, and the complexity of its business as well as its risk profile, the risk management strategy around the following three lines of defense, which constitute a critical factor of its efficient operation:

- Development units of banking and trading arrangements (host functions and handling customer requests, promotion and marketing of banking products to the public (credits, deposit products and investment facilities), and in general the conduct of transactions (front line)), which are functionally separated from requests approval units, confirmation, accounting and settlement units. These units constitute the first line of defence and "ownership" of risk, which recognizes and manages risks that will arise in the conduct of the Issuer's business;
- Management and control risk and regulatory compliance units, which are separated both between themselves and from the first line of defence. They constitute the second line of defence and their function is complementary in conducting banking business of the first line of defence in order to ensure objectivity in decision making, measuring the effectiveness of these decisions in terms of risk conditions and compliance with the existing legislative and regulatory framework involving internal

regulations and ethical standards and the total view and evaluation of the total risk exposure of the Issuer and the Group; and

- Internal audit units, which are separate from aforementioned units, constitute the third line of defense. These units, through audit mechanisms and procedures, cover on an ongoing basis each operation of the Issuer and the Group and ensure the consistent implementation of the business strategy, involving the risk management strategy, through the correct implementation of internal policies and procedures, and contributes to their efficient and secure operation.

The Board of Directors supervises the overall operations of the risk management sector. Regarding risk management, the Board of Directors is supported by the Risk Management Committee. The Risk Management Committee through monthly meetings addresses to the Board of Directors issues regarding the Group's risk-taking strategy and capital management. It is responsible for the implementation and monitoring compliance of risk management policies. The Group re-assesses the effectiveness of the risk management framework on a regular basis in order to ensure compliance with international best practices.

For a more comprehensive and effective identification and monitoring of all types of risks, Management Committees have been established: the Assets Liabilities Management Committee, the Operational Risk Committee, and the Credit Risk Committee.

The General Manager and Group Chief Risk Officer supervises the Risk Management Divisions and reports on a regular as well as ad hoc basis to the Management Committees, the Risk Management Committee and the Board of Directors. With respect to credit risk, the reporting to the abovementioned committees covers the following areas:

- The portfolio risk profile by rating grade;
- The transition among rating grades (migration matrix);
- The estimation of the relevant risk parameters by rating grade, group of clients, etc.;
- The trends of basic rating criteria;
- The changes in the rating process, the criteria or in each specific parameter; and
- The concentration risk (by risk type, sector, country, collateral, portfolio, etc.).

### **Organizational Structure of Risk Management Divisions**

Under the supervision of the General Manager and the Group Chief Risk Officer the following Risk Management Divisions operate within the Group and have been given the responsibility of implementing the risk management framework, according to the directions of the Risk Management Committee:

- Market and Operational Risk Division;
- Wholesale Banking Credit Risk Division;
  - Wholesale Banking Credit Risk Methodologies Development Division
  - Wholesale Banking Credit Risk Analysis Division
- Retail Banking Credit Risk Division;
  - Retail Banking Credit Risk Methodologies Development Division
  - Retail Banking Credit Risk Analysis Division

- Wholesale Credit Division-Greece;
- Wholesale Credit Division- International; and
- Retail Credit Division.

## **Committees**

### *Troubled Assets Committee*

The Troubled Assets Committee (**TAC**), chaired by the Executive General Manager—Wholesale Banking NPL, convenes regularly every quarter or ad hoc upon any Member's initiative.

The responsibilities of the TAC with regard to Troubled Assets are outlined below:

- The approval of Non-Performing Loans Policy and Procedures and the operational framework of the Wholesale Banking and Retail Banking Arrears Committees (limits, members, officers responsible for submissions, meetings, etc.) which are further forwarded to the Credit Risk Committee;
- The drafting, evaluation and approval of Wholesale Banking and Retail Banking Arrears Management Strategy which are further forwarded to the Credit Risk Committee;
- The monitoring and assessment of the targets set for the Non-Performing Loans Division-Wholesale, Greece, Non-Performing Loans Division-Wholesale, International, the Retail Workout Division and the Retail Collections Division in the context of the operational planning of the Issuer;
- The formulation of the available types of restructuring of loans for clients managed by the Non-Performing Loans Division-Wholesale, Greece, Non-Performing Loans Division-Wholesale, International, the Retail Workout Division and the Retail Collections Division, and their periodic evaluation;
- The design, monitoring and evaluation of the pilot restructuring programs applied by NPL Units;
- The establishment of criteria used to assess the long term of the suggested types of restructurings; and
- Review of internal reports related to the portfolios of the Non-Performing Loans Division-Wholesale, Greece, Non-Performing Loans Division-Wholesale, International, the Retail Workout Division and the Retail Collections Division.

### *Wholesale Banking Announcement Review Committee*

The four-person strong Committee convenes regularly every quarter and is considered being at quorum if the Executive General Manager—Wholesale Banking NPL and the Manager of the Wholesale Banking Credit Risk Division, as well as one more member are present.

The Committee assesses the announcement of customers showing indications of possible default, being under the responsibility of Commercial Centers, the Corporate Banking, the Shipping and the Investment Banking Division.

The customers to be assessed are proposed by the Wholesale Banking Credit Risk Division. Such customers include all those that have shown objective evidence of impairment, irrespective of the relevant proposal for impairment recognition, since they are considered to meet the criteria specified in the NPL Wholesale Banking regulation for the announcement to the NPL Wholesale-Greece Division.

### *Risk Management Committee*

The composition of the Risk Management Committee is designated by the Board of Directors. Currently, the Risk Management Committee comprises four members, out of whom three are Non-Executive Independent Members. One of the members is appointed Chairman of the Committee and the remaining are appointed members of the Committee. All the members of the Committee have knowledge of the financial sector, and possess experience in the banking sector, especially in risk undertaking and management and in equity management.

The Risk Management Committee recommends to the Board of Directors the risk undertaking and capital management strategy and defines the principles of managing risk with regard to identifying, forecasting, measuring, monitoring and managing risk. It ensures the development of an in-house risk management system and evaluates reports submitted by the Chief Risk Officer. It provides for the conduct of at least annual stress tests and is informed of the sections of the report prepared by the external auditors pertaining to risk management as provided by the supervisory authorities.

The Risk Management Committee evaluates the adequacy and effectiveness of the risk management policy and procedures of the Issuer and the Group, in terms of the:

- Undertaking, monitoring, and management of risks (market, credit, interest rate, liquidity, operational, or other material risks) per category of transactions and customers per risk level (e.g. country, profession and activity);
- Determination of the applicable maximum risk appetite on an aggregate basis for each type of risk and further allocation of each of these limits per country, sector, currency, Business Unit, etc.; and
- Establishment of stop-loss limits or of other corrective actions.

The Risk Management Committee ensures communication among the internal auditor, the external auditors, the supervisory authorities and the Board of Directors on risk management issues, and convenes monthly or ad hoc.

### *Assets Liabilities Management Committee*

The Assets Liabilities Management Committee (**ALCO**) convenes regularly every quarter under the chairmanship of the Managing Director-CEO. The General Managers, the Executive General Managers and the Managers of the Asset Liability Management Division, the Market and Operational Risk Division, Analysis and Performance Management Division, Asset Gathering Management Division, the Accounting and Tax Division, the Economic Research Division, the Wholesale Banking Credit Risk Division, the Retail Banking Credit Risk Division, the Trading Division, the Capital Management and Banking Supervision Division and the Financial Markets Division participate as members. The Committee examines and decides on issues related to treasury and balance sheet management and monitors the course of the results, the budget, the funding plan, the capital adequacy and the overall financial volumes of the Issuer and the Group approving the respective actions and policies. In addition, the Committee approves the interest rate policy, the structure of the investment portfolios and the total market, interest rate and liquidity risk limits.

### *Operations Committee*

The Operations Committee convenes at least once a week under the chairmanship of the Managing Director-CEO and with the participation of the General Managers, the Executive General Managers and the Secretary of the Committee. Depending on the subjects under discussion, other Executives or members of the Management of Group companies participate in the proceedings. The Operations Committee undertakes a review of the market and the sectors of the economy, examines the course of business and new products. It decides on the policy on Network and Group development and determines the credit policy. Finally, it

decides on treasury management, the level of interest rates and the terms and conditions of the Issuer for deposits, loans and transactions.

#### *Operational Risk Committee*

The Operational Risk Committee convenes regularly every quarter under the chairmanship of the Managing Director—CEO and with the participation of the General Managers, the Information Technology and Operations Executive General Manager and the Manager of the Market and Operational Risk Division. The Operational Risk Committee ensures that the appropriate organizational structure, processes, methodologies and infrastructure to manage operational risk are in place. In addition, it is regularly updated on the operational risk profile of the Group and the results of the operational risk assessment process; reviews recommendations for minimizing operational risk; assesses forecasts regarding third party lawsuits against the Issuer; approves the authorization limits of the Committees responsible for the management of operational risk events of the Issuer and the Group companies and reviews the operational risk events whose financial impact exceeds the limits of the other Committees.

#### *Credit Risk Committee*

The Credit Risk Committee convenes regularly every quarter under the chairmanship of the Managing Director—CEO and with the participation of the General Managers and the Managers of the Wholesale Banking Credit Risk Division, the Retail Banking Credit Risk Division and the Capital Management and Banking Supervision Division. The Credit Risk Committee assesses the adequacy and the efficacy of the credit risk management policy and procedures of the Issuer and the Group with respect to the undertaking, monitoring and management of credit risk per Business Unit (Wholesale Banking, Retail Banking, Wealth Management/Private Banking), geographic area, product, activity, sector, etc., and resolves on the planning of the required corrective actions.

#### *Compliance Division*

The Compliance Division is responsible for managing the compliance risk of the Issuer and the Group companies. The Compliance Division is established under the Managing Director—CEO, reports to the Audit Committee of the Board of Directors and is subject to the audits conducted by the Internal Audit Division, as to the adequacy and effectiveness of its procedures, in accordance with the provisions of the Issuer and Group companies' "Compliance Audit Program".

The main responsibilities of the Division include:

- Planning and managing compliance and monitoring the implementation of the regulatory framework;
- Representing the Issuer and the Group companies before the regulatory and other authorities and communicating with them;
- Preventing and suppressing money laundering; and
- Safekeeping banking secrecy.

The Compliance Division is administratively independent and has unrestricted access to all data and information necessary for its purpose. The Division develops the Annual Compliance Plan, in accordance with the regulatory framework in force, as well as the Compliance Policies and Procedures Framework of the Issuer and the Group companies. In the context of the Division's financial independence, it also prepares its own annual budget which is approved by the General Management.

The Division cooperates with, among others, the Audit Division, the Legal Services Division and the Market and Operational Risk Division, aiming to jointly address issues regarding the observance of the regulatory framework, as well as with the competent Divisions and Group companies on a case-by-case basis.

Compliance Units have been set up and operate under the supervision of a Compliance Officer, specializing in the local regulatory framework, in the Branches of the Issuer located abroad and in the Group companies, in Greece and abroad. In order to effectively manage compliance risk for the Group, the Compliance Officers of the Branches of the Issuer located abroad and the Group companies are supervised by the Group Compliance Officer and their work is coordinated by the Compliance Division.

#### *Internal Audit Division*

The Internal Audit Division is responsible for the internal audit of the Issuer and the Group, and reports to the Audit Committee of the Board of Directors and the Managing Director—CEO.

In addition to operational and process audits, the Internal Audit Division also performs audits on the safe and efficient operation of the Group's information systems, and special audits, when there is evidence that the interests of the Group are harmed. The Internal Audit Division maintains the Internal Audit Policy and Procedures Manual for the Group and recommends changes in the audit methodology. It reports in writing of its audit findings and makes proposals addressing any weaknesses identified.

The Internal Audit Division conducts audits on a continuous basis according to a risk-based audit plan. The audit plan is based on the prioritization of the audited areas by identifying and assessing the risks and the special factors associated with them. In addition, regulatory requirements and extraordinary developments in the overall economic environment are taken into account. The Audit Committee approves the audit plan and is updated every quarter on its implementation, the main conclusions of the audits and the implementation of the audit recommendations.

The Internal Audit Division assesses the adequacy and effectiveness of the Internal Control System in the Issuer and the Group companies to the Management and submits an annual report, through the Audit Committee, to the Board of Directors. This report is also communicated to the Issuer of Greece.

An evaluation of the adequacy of the Internal Control System of the Issuer is also performed every three years by external auditors, other than the statutory auditors.

### **Specific Risks**

#### *Credit Risk*

Credit risk arises from the potential borrowers' or counterparties' weakness to repay their debts as resulting from their loan obligations to the Group.

The primary objective of the Group's strategy for the management of credit risk is the continuous, timely and systematic monitoring of the loan portfolio and the maintenance of credit risk exposures within the framework of acceptable overall risk appetite limits. This objective aims to maximize the risk-adjusted return while ensuring the conduct of its daily business activities within a sound, well-defined credit granting process, which is supported by clear and strict credit criteria.

The framework of the Group's credit risk management is developed based on an explicit set of credit policy processes, systems and models for the measurement, monitoring and auditing of credit risk, which are subject to continuous review in order to ensure compliance with the new institutional and regulatory framework and international best practices and their adaptation to the requirements of the respective financial circumstances and the nature and extent of the Group's business.

The development and improvement of the aforementioned framework is obtained through the actions below:

- Ongoing update of wholesale and Retail Banking credit policies in Greece and abroad to adapt to the given macroeconomic and financial conditions and the Group's risk appetite as well as the total maximum acceptable risk appetite limit for each kind of risk;
- Ongoing update of the credit rating models for corporate and retail banking in Greece and abroad in order to ensure their proper and effective operation;
- Updating the provisioning policy for Wholesale and Retail banking;
- Centralized and automated approval process for retail banking applications in Greece and abroad;
- Complete centralization of the collections policy mechanisms for retail banking (mortgage loans, consumer loans, credit cards, retail banking corporate loans) in Greece and abroad;
- Systematic and periodic quality inspection of Corporate and Retail Banking credit;
- Systematic estimation and evaluation of credit risk per counterparty and per sector of economic activity; and
- Periodic stress tests as a tool of assessment of the consequences of the economic scenarios on the Group's business strategy, business decisions and capital requirements. The stress tests are performed according to the requirements of the regulatory framework and concern fundamental parameter of the Group's credit risk management policy.

Additionally, the actions below are in progress in order to enhance and develop the internal system of credit risk management:

- Continuation of the transition process for the Issuer and the Group companies, including the portfolio of Emporiki in Greece and Citibank (Greek branch), in the Advanced Method for the Calculation of Capital Requirements against Credit Risk. For the purpose of the above mentioned transition, the Advanced Internal Ratings Based Approach method will be used with regards to corporate loan portfolios, retail banking, leasing and factoring;
- Determining a specific framework for the management of overdue and non-performing loans, alongside with the applicable obligations which arise from the Implementing Regulation 2015/227 of January 9, 2015 of the European Commission amending Implementing Regulation (EU) No. 680/2014 of the Commission laying down implementing technical standards with regard to supervisory reporting of institutions according to the CRR and from Executive Committee Act of Bank of Greece, P.E.E. 42/05.30.2014 as amended by virtue of the Executive Committee Act of Bank of Greece, P.E.E. 47/02.09.2015, which define the framework of supervisory commitments for the management of overdue and nonperforming loans by credit institutions.
- This framework is developing based on the following pillars:
  - The establishment of the independent operation management for the "Troubled Assets" (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils;
  - Establishing separate management strategy for these loans; and
  - Improving IT systems and processes in order to comply with the required periodic reporting to management and supervisory bodies.



- Continuous update of databases in order to perform statistical tests in the Group's credit risk rating models. Upgrade and automation of the above mentioned process in relation to Wholesale and Retail banking by using specialized statistical software. Gradual implementation of an automatic interface of credit risk rating systems with the central systems (core banking systems I-flex) for all Group companies abroad.
- Reinforcing a mechanism for completeness and quality inspections of crucial areas of Wholesale and Retail Credit for monitoring and measuring credit risk.

## **Market Risk**

Market risk is the risk of losses arising from unfavorable changes in the value or volatility of interest rates, foreign exchange rates, stock exchange indices and equities and commodities. Losses may occur either from the trading portfolio or from the Assets-Liabilities management.

The market risk in the Issuer's trading portfolio is measured by Value at Risk (**VaR**). The method applied for calculating VaR is historical simulation. The Issuer applies a holding period of one or 10 days, depending on the time required to liquidate the portfolio. For the calculation of VaR for one day of the Issuer's transaction portfolio, a two-year volatility period and a 99% trust period is used.

The Value at Risk methodology is complemented with scenario analysis and stress testing, in order to estimate the potential size of losses that could arise from the trading portfolio for hypothetical as well as historical extreme movements of market parameters (stress testing).

Within the scope of policy-making for financial risk management by the ALCO, exposure limits, maximum loss (stop loss) and value at risk for various products of the trading positions have been set.

In particular the following limits have been set for the following risks:

- Foreign currency risk regarding spot and forward positions and foreign exchange options;
- Interest rate risk regarding positions on bonds and interest rate swaps, interest futures and interest options;
- Price risk regarding positions in equities, index futures and options, commodity futures and swaps; and
- Credit risk regarding interbank transactions and bonds.

Positions held in these products are monitored on a daily basis and are examined for the corresponding limit percentage cover and for any limit excess.

## **Foreign Exchange Risk**

The Group is exposed to fluctuations in foreign exchange rates. The general management sets limits on the total foreign exchange position as well as on the exposure by currency.

The management of the foreign currency position of the Issuer and the Group is centralized. All customer positions including loans, deposits and derivatives are transferred to departments of the management area which are responsible for the management of liquidity and foreign currency position.

The policy of the Group is the positions to be closed immediately using spot transactions or currency derivatives. In case that positions are still open, they are daily monitored by the competent department and they are subject to limits.

## **Interest Rate Risk**

In the context of analysis of the Banking portfolio, interest rate gap Analysis is performed. In particular, assets and liabilities are allocated into time bands (gaps) according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments.

## **Liquidity Risk**

Liquidity risk relates to the Group's ability to maintain sufficient funds to cover its planned or extraordinary obligations. A substantial portion of the Group's assets has historically been funded by customer deposits and bonds issued by the Group. Additionally, in order to extend the period and diversify the types of lending, the Issuer is additionally financed by issuing securities to the international capital markets and borrowing from the system of Central Banks. Total funding can be divided into: (i) customer deposits; and (ii) wholesale funding.

## **Operational Risk**

Operational risk is the risk of loss arising from inadequate or ineffective internal procedures, systems and people or from external events, including legal risk.

During 2008, the Operational Risk Committee was established, which is responsible for the approval of the Group policy on operational risk management and has an oversight role in its implementation. The operational risk management policy is applicable to all units of the Group in Greece and abroad.

Consistent activities for assessment and management of operational risk have been introduced in all Issuer units. Based on the results of risk assessment, action plans are scheduled in order to mitigate the critical operational risks. As regards the calculation of the regulatory capital requirements for operational risk, the Group applies the standardized approach specified in Basel III, the EU directive on capital adequacy, and the relevant regulations of the Bank of Greece.

## **Counterparty Risk**

Counterparty risk for the Group stems from its OTC transactions, the money market placements and the customer repurchase contracts/reverse customer repurchase agreements and arises from an obligor's failure to meet its contractual obligations before the final settlement of the transaction's cash flows. For the efficient management of counterparty risk, the Issuer has established a framework of counterparty limits.

Counterparty limits are based on the credit rating of the financial institutions and the product type. The credit ratings are provided by internationally recognized ratings agencies, in particular by Moody's and Standard & Poor's. According to the Issuer's policy, if agencies diverge on the creditworthiness of a financial institution, the lowest one will be taken into consideration.

The counterparty limits apply to all financial instruments in which the Treasury is active in the interbank market. The limits framework is revised according to the business needs of the Issuer and the prevailing conditions in international and domestic financial markets. A similar limit structure for the management of counterparty risk is enforced across all of the Group's subsidiaries.

The Group seeks to reduce counterparty risk by standardizing relationships with counterparties through ISDA and GMRA contracts, which encompass all necessary netting and margining clauses. Additionally, for almost all active counterparties that are financial institutions, CSAs have been put into effect, so that net current exposures are managed through margin accounts on a daily basis, through the exchange of cash or debt securities collateral.

The Group avoids taking positions on derivative contracts where the values of the underlying assets are highly correlated with the credit quality of the counterparty.

The estimation of counterparty exposure depends on the type of the financial product. In the case of money market placements the exposure is equal to the face amount of the deals. In OTC transactions, the exposure to counterparty risk is calculated on the basis of the credit exposure factors for the relevant exposure period of the deals and the type of transaction.

### **Insurance Risk**

The insurance policies issued by the Group carry a degree of risk. The risk under any insurance policy is the possibility of the insured event resulting in a claim. By the very nature of an insurance policy, risk is based on fortuity and is therefore unpredictable.

The principal risk that the Group may face under its insurance policies is that the actual claims and benefit payments or the timing thereof differ from expectations. This could occur because the frequency or severity of claims is greater than estimated.

The above risk exposure is mitigated by diversification across a large portfolio of insurance policies. The variability of risks is also improved by the careful selection and implementation of the Group's underwriting policy, reinsurance strategy and internal guidelines, within an overall risk management framework. Pricing is based on assumptions and statistics and the Group's empirical data, taking into consideration current trends and market conditions.

Reinsurance arrangements include proportional, optional facultative, excess of loss, catastrophe coverage and reinsurance risk.

### **Capital Adequacy**

The policy of the Group is to maintain a strong capital base in order to safeguard its future development and retain the trust of depositors, shareholders and markets. Share capital increases are approved by General Meeting or Board of Directors' decisions in accordance with the Issuer's Articles of Association and relevant laws. The Group is allowed to purchase treasury shares based on the terms and conditions of applicable law; however, during the period of the Issuer's participation in the Hellenic Republic Bank Support Plan, the repurchase of the Issuers' treasury shares is not permitted. Since November 2014 the capital adequacy of the Issuer, in its capacity as a significant bank, is supervised by the SSM of the ECB, to which reports are submitted every quarter. The SSM comprises the ECB and the national supervisory authorities of the participating countries. The minimum requirements regarding Tier I ratio, Common Equity Tier I ratio and the capital adequacy ratio of the Issuer are stipulated by the CRR, in force as of 1 January 2014, along with the CRD IV, as transposed into Greek law by virtue of Greek Law 4261/2014, and according to the decisions of the Credit and Insurance Committee of the Bank of Greece.

The Group actively manages its capital base to ensure that entities in the Group maximize the return to stakeholders through the optimization of the debt and equity balance. The Group takes advantage of contemporary means for raising capital, with the objective to sustain its capital adequacy ratios well above the minimum regulatory levels and at the same time to improve the weighted average cost of capital to the benefit of its shareholders. See "Regulation and Supervision of Banks in Greece". In this framework, both the calculation of the capital requirements and the dynamic management of the capital base are embedded in the business plan and the annual budgeting processes, in accordance with the capital adequacy targets that have been set in the Group's risk strategy.

Quantitative measures established by regulation to ensure capital adequacy require the Issuer to maintain a minimum ratio determined on a risk-weighted basis, of capital (as defined) to assets, certain off-balance

sheet items, and the notional credit equivalent arising from the total capital requirements against market and operational risk, of at least 8%.

The new capital adequacy framework in force as of 1 January 2014 sets a progressive enhancement of the capital standards both quantitative and qualitative. The enhancement of the quality of capital comes also through the linkage of all capital limits with Common Equity Tier I capital. From 31 December 2014, besides the 8% capital adequacy limit, new limits of 4.5% for Common Equity Tier I ratio and 6.0% for Tier 1 ratio were set according to the CRR and the transitional provisions for the calculation of own funds as adopted by the Bank of Greece. These limits should be satisfied on a standalone and on a consolidated basis. In addition, the gradual application (from 1 January 2016 to 31 December 2019) of further capital adequacy buffers is provided under the new capital adequacy framework.

Furthermore the revised framework introduces transitional arrangements for non-eligible capital instruments and deductible items (e.g. deferred taxation, Tier 1 and Tier 2 instruments).

The impact of the implementation of the new regulatory framework on the calculation of credit risk RWAs can be summarized as follows:

- Positive effect from the application of a preferential risk factor to performing loans granted to SMEs;
- Positive effect from the increase of Loan-to-Value metric to 80% for loans covered by residential real estate;
- Increase in RWAs for past-due exposures, covered by residential real estate, with provisions higher than 20%; and
- In case of an event of default in relation to any loan of a client's corporate portfolio, then it is deemed that an event of default has occurred for all loans of such corporate portfolio.

The impact on Common Equity Tier I capital is small and associated with:

- Negligible minority rights;
- No goodwill and limited amount of intangibles; and
- No substantial insurance risk

On 31 December 2014, the Group had €7.2 billion of Tier I capital and €7.7 billion of total capital, as calculated in accordance with Basel III.

## DIRECTORS AND MANAGEMENT

The Issuer is managed by a Board of Directors comprised of a minimum of nine (9) and a maximum of eighteen (18) Directors elected by the Shareholders at their General Meetings. Directors hold office for a term of four years and may be re-elected by the Shareholders to serve multiple terms. The unjustified absence of a Director from Board meetings for a period exceeding six consecutive months may be considered by the Board as constituting his resignation. The Board must elect a Chairman of the Board and a Vice Chairman of the Board from among the Directors.

The Board resolves all matters concerning management and administration of the Issuer (including the issuance of bond loans in accordance to articles 6 and 7 of Greek Law 3156/03, article 8 of Greek Law 3156/03, and article 3a, paragraph 1, section b of Greek Codified Law 2190/1920) except those which, under the Articles of Incorporation or under applicable law, are the sole prerogative of Shareholders acting at a General Meeting. The Board is convened by invitation of the Chairman or following a request by at least two Directors. The Directors have no personal liability to Shareholders or third parties and are only liable to the legal entity of the Issuer with regard to the administration of corporate affairs.

Board resolutions are passed at Board meetings by an absolute majority of Directors present or represented by another Director, except in the case of share capital increases, for which, as per Greek Codified Law 2190/1920, a two-thirds majority is required. In case of tie vote, the vote of the Chairman prevails. A Director can only be represented in person by another Director. No Director can represent more than one other Director in a single Board meeting. To form a quorum, more than half of the Directors must be present in person or duly represented and the number of Directors present in person in no case may be less than six (6). The Board of Directors elects the Chairman through secret vote among its present or represented members, by an absolute majority. The Board of Directors appoints the executive and non-executive members except for independent members, who are appointed, according to Greek Law 3016/2002, by the General Meeting.

The current Board was elected at the General Meeting held on 27 June 2014 and its tenure will end at the 2018 Ordinary General Meeting of Shareholders.

The Extraordinary General Meeting of Shareholders held on 12 January 2009, approved the increase of the maximum number of Directors to sixteen (16) and approved the election of a representative of the Hellenic Republic as a new Director for the purposes of the Issuer participating in the Hellenic Republic economic support plan. The representative of the Hellenic Republic has certain statutory veto rights described below.

The Ordinary General Meeting of Shareholders held on 29 June 2012 approved the election by the Board of Directors, held on 7 June 2012, of Mr. Nikolaos G. Koutsos as a Non-Executive Member of the Board of Directors, in accordance with law 3864/2010, upon instruction of the Hellenic Financial Stability Fund.

In the context, inter alia, of the adjustment to the changing demands of corporate governance, on 29 June 2012, the General Meeting of Shareholders approved the modification of the maximum number of members of the Board of Directors from sixteen (16) to eighteen (18), by an amendment of the Articles of Incorporation of the Issuer.

The Board of Directors, at its meeting of January 30, 2014, elected, in accordance with Greek Law 3864/2010, upon instruction of the HFSF, Ms. Panagiota Iplixian, as a non-executive member of the Board of Directors in replacement of Mr. Nikolas G. Koutsos, who had resigned. The Extraordinary General Meeting of March 28, 2014 was notified of the election of the new Member. Furthermore, the Board of Directors appointed, in accordance with Greek Law 3864/2010 upon instruction of the HFSF, Ms. Panagiota Iplixian, as a member of the Audit, Risk Management and Remuneration Committee for the remainder of her

tenure. The appointment of Ms. Iplixian as member of the Audit Committee was ratified by the Extraordinary General Meeting of 28 March 2014.

The Board, while retaining responsibility for approving general policy and overall responsibility for significant decisions affecting the Issuer, delegates day-to-day management to the Managing Director and to, the General Managers of the Issuer.

The current Board of Directors consists of fifteen (15) Directors as recently elected by the Ordinary General Meeting of Shareholders at its meeting on 27 June 2014. The business address of the Board of Directors is: 40 Stadiou Street, 102 52 Athens, Greece.

## Board of Directors

The following table sets forth the position of each Director and his/her status as an Executive, Non-Executive or Non-Executive Independent Director.

Position	Name
<i>Non-Executive Director:</i>	
Chairman	Vasileios T. Rapanos
<i>Executive Directors:</i>	
Managing Director	Demetrios P. Mantzounis
General Manager	Spyros N. Filaretos
General Manager	Artemios Ch. Theodoridis
General Manager	George C. Aronis
<i>Non-Executive Directors:</i>	
Director	Efthimios O. Vidalis
Director	Ioanna E. Papadopoulou
<i>Non-Executive Independent Directors:</i>	
Vice Chairman	Minas G. Tanes
Director	Pavlos A. Apostolides
Director	Ibrahim S. Dabdoub
Director	Evangelos J. Kaloussis
Director	Ioannis K. Lyras
Director	Shahzad A. Shahbaz
<i>Non-Executive Director in accordance with Greek Law 3723/2009:</i>	
Director	The Hellenic Republic, via its appointed representative, Ms. Marica S. Ioannou-Frangakis
<i>Non-Executive Director in accordance with Greek Law 3864/2010:</i>	
Director	Panagiota S. Iplixian, as representative and upon instruction of the HFSF

## Biographical Information

Below are brief biographies of the Chairman, Vice Chairman, Managing Director, General Managers and other Directors and Management.

### ***Non-Executive Director***

*Vasileios T. Rapanos, Chairman*

Mr. Rapanos was born in Kos in 1947. He is Professor Emeritus at the Faculty of Economics of the University of Athens. He studied Business Administration at the Athens School of Economics and Business (1975) and holds a Master's in Economics from Lakehead University, Canada (1977) and a PhD from Queen's University, Canada. He was Deputy Governor and Governor of the Mortgage Bank (1995-1998), Chairman of the Board of Directors of the Hellenic Telecommunications Organization (1998-2000), Chairman of the Council of Economic Advisors at the Ministry of Economy and Finance (2000-2004), and Chairman of the Board of Directors of the National Bank of Greece and the Hellenic Bank Association (2009-2012). He has been the Chairman of the Board of Directors of the Issuer since May 2014.

### ***Executive Directors***

*Demetrios P. Mantzounis, Managing Director*

Mr. Mantzounis was born in Athens in 1947. He studied Political Sciences at the University of Aix-Marseille. He joined the Issuer in 1973 and he has been a member of the Board of Directors of the Issuer since 1995. In 2002 he was appointed General Manager and he has been the Managing Director since 2005.

*Spyros N. Filaretos, General Manager and Chief Operating Officer*

Mr. Filaretos was born in Athens in 1958. He studied Economics at the University of Manchester and at the University of Sussex. He joined the Issuer in 1985. He was appointed Executive General Manager in 1997. He has been a member of the Board of Directors of the Issuer and a General Manager since 2005. On October 2009 he was appointed Chief Operating Officer (COO).

*Artemios Ch. Theodoridis, General Manager*

Mr. Theodoridis was born in Athens in 1959. He studied Economics and holds an MBA from the University of Chicago. He joined the Issuer as Executive General Manager in 2002. He has been a member of the Board of Directors of the Issuer and a General Manager since 2005.

*George C. Aronis, General Manager*

Mr. Aronis was born in Athens in 1957. He studied Economics and holds an MBA, major in Finance, from the Athens Laboratory of Business Administration (ALBA). He has worked for multinational banks for 15 years, mostly at ABN AMRO BANK in Greece and abroad. He joined Alpha Bank in 2004 as Retail Banking Manager. In 2006 he was appointed Executive General Manager and in 2008 General Manager. He joined the Board of Directors of the Issuer in 2011.

### ***Non-Executive Directors***

*Efthimios O. Vidalis, Director*

Mr. Vidalis was born in 1954. He holds a BA in Government from Harvard University and an MBA from the Harvard Graduate School of Business Administration. He worked at Owens Corning (1981-1998), where he served as President of the Global Composites and Insulation Business Units. Furthermore, he was Chief Operating Officer (1998-2001) and Chief Executive Officer (2001-2011) of the S&B Industrial Minerals Group. He is Secretary General of the Hellenic Federation of Enterprises (SEV) and Chairman of the SEV Business Council for Sustainable Development. He is an executive member of the Board of Directors of the TITAN Group. He has been a member of the Board of Directors of the Issuer since May 2014.

*Ioanna E. Papadopoulou, Director*

Mrs. Papadopoulou was born in 1952 and is the President and Managing Director of the E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY. She has been a member of the Board of Directors of the Issuer since 2008.

***Non-Executive Independent Directors***

*Minas G. Tanes, Vice Chairman*

Mr. Tanes was born in 1940 and is the Chairman of FOOD PLUS S.A. He was at the helm of Athenian Brewery S.A. from 1976 to 2008 and has been a member of the Board of Directors of the Issuer since 2003.

*Pavlos A. Apostolides, Director*

Mr. Apostolides was born in 1942 and graduated from the Law School of Athens. He has been a member of the Issuer's Board of Directors since 2004. He joined the Diplomatic Service in 1965 and has been, among others, Ambassador of Greece to Cyprus and Permanent Representative of Greece to the European Union in Brussels. In 1998 he became General Secretary of the Ministry of Foreign Affairs and in 1999 he was appointed Director of the National Intelligence Agency. He retired in November 2004.

*Ibrahim S. Dabdoub, Director*

Mr. Dabdoub was born in 1939. He studied at the Collège des Frères in Bethlehem, at the Middle East Technical University in Ankara, Turkey and at Stanford University, California, U.S.A. He was the Group Chief Executive Officer of the National Bank of Kuwait from 1983 until March 2014. He is Vice Chairman of the International Bank of Qatar (IBQ), Doha and a member of the Board of Directors of the International Institute of Finance (IIF) as well as Co-Chair of the Emerging Markets Advisory Council (EMAC), Washington D.C. He is also a member of the Bretton Woods Committee, Washington D.C. and of the International Monetary Conference (IMC). Furthermore, he is a member of the Board of Directors of the Central Bank of Jordan, Amman, of the Board of Directors of the Consolidated Contractors Company, Athens, and of the Board of Advisors of Perella Weinberg, New York. In 1995, he was awarded the title of "Banker of the Year" by the Arab Bankers Association of North America (ABANA) and in 1997 the Union of Arab Banks named him "Arab Banker of the Year". In 2008 and 2010 he was given a "Lifetime Achievement Award" by "The Banker" and "MEED" respectively. He has been a member of the Board of Directors of the Issuer since May 2014.

*Evangelos J. Kaloussis, Director*

Mr. Kaloussis was born in 1943 and is the Chairman of the Federation of Hellenic Food Industries (SEVT) as of 2006, whereas he has been a member of the Federation's Board of Directors since 2002. He was Chairman of NESTLE HELLAS S.A. from 2001 until 2015. He has been a member of the Board of Directors of the Issuer since 2007.

*Ioannis K. Lyras, Director*

Mr. Lyras was born in 1951 and is the President of PARALOS MARITIME CORPORATION S.A. He has been a member of the Board of Directors of the Issuer since 2005. He was Chairman of the Union of Greek Ship-owners from 1997 to 2003. He represents the Union of Greek Ship-owners to the Board of Directors of the European Community Ship-owners' Associations.



*Shahzad A. Shahbaz, Director*

Mr. Shahbaz was born in 1960. He holds a BA in Economics from Oberlin College, Ohio, U.S.A. He has worked at various banks and investments firms, since 1981, including the Bank of America (1981-2006), from which he left as Regional Head (Corporate and Investment Banking, Continental Europe, Emerging Europe, Middle East and Africa). He served as Chief Executive Officer (CEO) of NDB Investment Bank/Emirates NBD Investment Bank (2006-2008) and of QInvest (2008-2012). He is currently the Investment Advisor at Al Mirqab Holding Co. He has been a member of the Board of Directors of the Issuer since May 2014.

### ***Non-Executive Directors***

The Greek State, via its appointed representative:

*Marica S. Ioannou - Frangakis*

Ms. Frangakis was born in Asyut, Egypt in 1950. She holds a BSc in Economics from the London School of Economics (LSE), University of London, U.K. and an MA in Development Economics from the University of Sussex, U.K. From 1978 to 1993 she worked at the Agricultural Bank of Greece, initially as Head of the Economic Forecasting Department (1978-1990) and then at the Privatisations Unit of the Governor's Office (1990-1993). From 1993 to 2010 she served as Head of the Liquidations Department of Ethniki Kefaleou S.A., a company of the National Bank of Greece group. She is currently an independent researcher focusing on Macroeconomics and Finance. She is a member of the Board of Directors of the Nicos Poulantzas Institute as well as of the Steering Committee of the EuroMemo Group. Following a decision by the Minister of Finance, she has been a member of the Board of Directors of the Issuer as a representative of the Greek State since March 2015.

*Panagiota S. Iplixian, Member*

Ms. Iplixian was born in 1949. She holds a BA in Business Administration and a Postgraduate Diploma in Management Studies from the University of Northumbria, Newcastle upon Tyne, England, and specialised in Organisation and Methods at the British Institute of Administrative Management. In the interval 1972-1987 she worked for consulting firms. From 1987 until 2000 she worked for commercial banks in the United States and from 2000 until 2009 for EFG Eurobank Ergasias. From 2010 until 2012 she was a Non-Executive Independent Member of the Board of Directors of the Hellenic Financial Stability Fund. From October 2011 until December 2013 she was Non-Executive Vice President of the Board of Directors of New Proton Bank, representing the Hellenic Financial Stability Fund. She has been a member of the Board of Directors of the Issuer, representing the Hellenic Financial Stability Fund, since January 2014.

### **Senior Management**

Below are brief biographical notes of the General Managers (members of the Issuer's Executive Committee) apart from the General Managers who act as members of the Board of Directors of the Issuer:

*Alexios A. Pilavios, General Manager*

He was born in Athens in 1953. He studied Economics and holds a BSc from the London School of Economics (LSE), an MA from the University of Essex and a PhD in the Economics of Education from the Institute of Education, University of London. From 1992 to 2004 he was Managing Director of certain Alpha Bank Group companies. He served as President of the Hellenic Fund and Asset Management Association from 1996 to 2000, while from April 2004 until May 2009 he was Chairman of the Hellenic Capital Market Commission. On 1 July 2009 he was appointed General Manager of the Issuer.

*Spiros A. Andronikakis, General Manager and Chief Risk Officer*

He was born in Athens in 1960. He holds a BA in Economics and Statistics from the Athens University of Economics and Business, and an MBA in Financial Management and Banking from the University of Minnesota, U.S.A. He has worked in the Corporate Banking Units of Greek and multinational banks since 1985. He joined Alpha Bank in 1998. He was Corporate Banking Manager from 2004 to 2007. In 2007 he was appointed Chief Credit Officer and in 2012 General Manager and Chief Risk Officer.

*Vassilios E. Psaltis, General Manager and Chief Financial Officer*

He was born in Athens in 1968. He holds an MBA and a PhD from the University of St. Gallen, Switzerland, with a specialization in Banking and Finance. He worked as Deputy Chief Financial Officer at Emporiki Bank and at ABN AMRO Bank's Financial Institutions Group in London. He joined the Alpha Bank in 2007 and he was appointed Chief Financial Officer in 2010 and General Manager in 2012.

### **The Issuer's Organizational Structure**

The main changes made to the organizational structure of the Issuer during 2014 focused on the following:

- Integration of Retail Banking operations of Citibank in Greece, including Diners Club, following completion of the acquisition of these operations by Alpha Bank. In this context, the Issuer has made the necessary changes in its organizational structure to ensure the seamless integration of the aforementioned activities and the best possible use of the skills of the personnel of Citibank.
- New organizational scheme for the management of non-performing loans under the supervision of the Managing Director—CEO of the Issuer with a view to strengthening the strategy and procedures for monitoring and managing the Retail and Wholesale Banking arrears portfolio. Additionally, for the optimal management of Wholesale Banking arrears, Non-Performing Loans Centres were created, which focus on the management of arrears per customers segment (Corporate and Small-Medium Enterprises) and type of arrears (Credit Workout and Permanent Arrears).
- Gradual restructuring of the organizational structure of Retail Banking and Wholesale Banking Sectors, based on the clientele segmentation, the provided products and services and the distribution networks utilized for their promotion to customers. This approach enables the Issuer to focus on the specification of customer needs, the development cycle of products/services and their optimal distribution to the customers of the Issuer.

### **Supervisory Body**

#### **Executive Committee**

The Executive Committee is the senior executive body of the Issuer, was established in 15 November 2000 on the basis of the Rules and Regulations of the Issuer and comprises the following members as of the date of this Prospectus:

- Demetrios P. Mantzounis, Managing Director—CEO
- Spyros N. Filaretos, General Manager and Chief Operating Officer
- Artemios Ch. Theodoridis, General Manager
- George C. Aronis, General Manager
- Alexios A. Pilavios, General Manager

- Spiros A. Andronikakis, General Manager and Chief Risk Officer
- Vassilios E. Psaltis, General Manager and Chief Financial Officer

The Executive Committee convenes at least once a week under the chairmanship of the Managing Director and with the participation of the General Managers and the Secretary of the Committee. Depending on the subjects under discussion, other Executives or members of the Management of Group companies participate in the proceedings. The Executive Committee carries out a review of the domestic and international economy and market developments, and examines issues of business planning and policy. Furthermore, the Committee deliberates on issues relating to the development of the Group, submits recommendations on the Rules and Regulations of the Issuer along with the budget of each Business Unit. Finally, it submits recommendations on the Human Resources policy and the participation of the Issuer or the Group companies in other companies.

## **Board Practices**

### ***Corporate Governance***

#### *The Issuer's Corporate Governance Code*

The Issuer's corporate governance framework is governed by the requirements of the Greek legislature (mainly the provisions of Greek Law 3016/2002, the decision of the Board of Directors of the HCMC no 5/204/2000, as currently applicable, Greek Law 3693/2008, Greek Law 3873/2010 and Greek Law 4261/2014), the decrees of the HCMC and the Issuer's Articles of Incorporation and regulations.

In 1994, the Issuer's Board of Directors adopted principles of corporate governance aimed at transparency in communication with the Issuer's Shareholders and at keeping investors promptly and continuously informed. The Corporate Governance Code was first adopted and implemented by the Issuer's Board of Directors in January 2011 and was revised by the Board of Directors in July 2014.

The Issuer, in keeping abreast of the international developments in corporate governance issues, continuously updates its corporate governance framework and consistently applies the principles and rules dictated by the Corporate Governance Code, focusing on the long-term protection of the interests of its depositors and customers, shareholders and investors, employees and other stakeholders.

The Issuer has adopted the Corporate Governance Code and provides explanations within the code for any exceptions identified in accordance with the "comply or explain" principle of the above-mentioned laws.

The Corporate Governance Code has been posted on the Issuer's website: <http://www.alpha.gr/page/default.asp?id=120&la=2>.

## **Committees**

Committees help secure the smooth and efficient operation of the Group, and shape a common strategy and policy, as well as the coordination of operations.

### ***Board Committees***

#### ***Audit Committee***

The Audit Committee of the Board was established by a resolution of the Board of Directors of 23 November 1995. It consists of a Committee Chairman who is an Independent Non-Executive Director, two other Independent Non-Executive Directors and one Non-Executive Director. According to Greek Law 3693/2008, article 37, the members of the Audit Committee are appointed by the General Meeting of

Shareholders. The current Members of the Audit Committee are Evangelos J. Kaloussis (Chairman), Minas G. Tanes, Ioannis K. Lyras and Panagiota S. Iplixian, all appointed by the General Meeting of Shareholders of 27 June 2014. The Audit Committee:

- assists the Board of Directors in the adaptation and implementation of an adequate and effective Internal Control System for the Issuer and the Group;
- monitors and evaluates on an annual basis the adequacy and effectiveness of the Internal Control System of the Issuer and the Group;
- monitors the process of financial information for the Issuer and the Group;
- supervises and evaluates the procedures related to the drafting of the published annual and interim financial statements of the Issuer and the Group, in accordance with the applicable accounting standards;
- approves the financial statements of the Issuer and the Group prior to their submission to the Board of Directors;
- ensures the independent and unprejudiced conducting of internal and external audits to the Issuer, and ensures communication between the auditors and the Board of Directors;
- assesses the performance and effectiveness of the Audit and the Compliance Divisions of the Issuer and the Group.

The Audit Committee convenes at least once every quarter or more frequently when deemed necessary. The Audit Committee may invite any other executive or manager of the Issuer to attend its meetings. The Audit Committee keeps minutes of its meetings and informs the Board about the results of its work.

The Chairman of the Audit Committee may convene a meeting of the Audit Committee if any of the members of the Audit Committee deems this to be necessary, following a recommendation thereof by such member(s). Depending on the issues under discussion, Internal Auditor, the Group Compliance Officer and a representative of the Issuer's independent auditors may participate in the meetings of the Committee.

The Chairman of the Audit Committee submits to the Board a report on the operations, recommendations and findings of the Committee, once every year or on a more frequent basis in the case of issues which, in the opinion of the Committee, require notification to and action by the Board.

### ***Risk Management Committee***

The Risk Management Committee of the Board was established by a resolution of the Board of Directors on 19 September 2006. It consists of a Committee Chairman who is an Independent Non-Executive Director, two other Independent Non-Executive Directors and one Non-Executive Director all appointed by the Board. The current Members of the Risk Management Committee are Minas G. Tanes (Chairman), Evangelos J. Kaloussis, Shahzad A. Shahbaz and Panagiota S. Iplixian.

The Risk Management Committee:

- recommends to the Board of Directors the risk undertaking and capital management strategy which corresponds to the business objectives of the Issuer and the Group, monitors and audits its application;
- evaluates the adequacy and effectiveness of the risk management policy and procedures of the Issuer and of the Group, in terms of the:

- undertaking, monitoring and management of risks (market, credit, interest rate, liquidity, operational, other substantial risks) per category of transactions and customers per risk level (i.e., country, profession, activity);
- determination of the applicable maximum risk appetite on an aggregate basis for each type of risk and further allocation of each of these limits per country, sector, currency and business Unit etc;
- establishment of stop-loss limits or of other corrective actions;
- ensures communication among the Internal Auditor, the External Auditors, the Supervisory Authorities and the Board of Directors on risk management issues.

The Chief Risk Officer reports to the Board of Directors of the Issuer through the Risk Management Committee.

The Risk Management Committee convenes at least once every month or more frequently when deemed necessary. The Committee may invite any other executive or manager of the Issuer to attend its meetings. The Risk Management Committee keeps minutes of its meetings and informs the Board of the results of its work.

The Chairman of the Risk Management Committee submits to the Board a report on the activities, proposals and findings of the Risk Management Committee, once every year or on a more frequent basis in the case of issues which, in the opinion of the Committee, require notification to and action by the Board.

### ***Remuneration Committee***

The Remuneration Committee of the Board was established by a resolution of the Board of Directors of 23 November 1995. It consists of a Committee Chairman who is an Independent Non-Executive Director, two other Independent Non-Executive Directors and one Non-Executive Director appointed by the Board. The current members of the Remuneration Committee are Pavlos A. Apostolides (Chairman), Ibrahim S. Dabdoub, Ioannis K. Lyras and Panagiota S. Iplixian.

The Remuneration Committee formulates the remuneration policy of the Personnel of the Issuer and the Group, as well as of the Members of the Board of Directors and makes recommendations to the Board of Directors.

The Remuneration Committee convenes at least once by-annually or more frequently when deemed necessary. The Remuneration Committee may invite any executive or manager of the Issuer to attend its meetings. The Chairman of the Remuneration Committee may convene a meeting of the Committee if any of the Directors deem it necessary. The Remuneration Committee keeps minutes of its meetings and informs the Board about the results of its work. The Chairman of the Remuneration Committee reports the Remuneration Committee's activities to the Board and submits proposals as the Remuneration Committee deems necessary.

In accordance with article 1 paragraph 3 of Greek Law 3723/2008, and for as long as the Issuer is under the provisions of article 2 of the said law, the annual compensation for each member of the Board of Directors cannot exceed the total remuneration of the Governor of the Bank of Greece. All bonuses for the above persons are revoked for the same period.

### ***Corporate Governance and Nominations Committee***

The Corporate Governance and Nominations Committee was established by a resolution of the Board of Directors of 27 June 2014. It consists of a Committee Chairman who is an Independent Non-Executive Director, one Independent Non-Executive Director and two others Non-Executive Directors appointed by the

Board. The current members of the Corporate Governance and Nominations Committee are Minas G. Tanes (Chairman), Pavlos A. Apostolides, Ioanna E. Papadopoulou, and Panagiota S. Iplixian.

The Corporate Governance and Nominations Committee ensures that the composition, structure and operation of the Board of Directors meet all the requirements of the legal, supervisory and regulatory frameworks, pursues the application of international corporate governance best practices, formulates the nomination policy regarding candidate Members of the Board of Directors and submits relevant recommendations to the Board of Directors. It ensures the nomination of candidate Members of the Board of Directors through an effective and transparent procedure, establishes the conditions required for securing smooth succession and continuity in the Board of Directors and supervises the application of the above policies and practices as well as their implementation procedures.

The Corporate Governance and Nominations Committee convenes at least once by-annually or more frequently when deemed necessary. The Corporate Governance and Nominations Committee may invite any executive or manager of the Issuer to attend its meetings. The Chairman of the Corporate Governance and Nominations Committee may convene a meeting of the Committee if any of the Directors deem it necessary. The Corporate Governance and Nominations Committee keeps minutes of its meetings and informs the Board about the results of its work. The Chairman of the Corporate Governance and Nominations Committee submits to the Board a report on the activities, proposals and findings of the Corporate Governance and Nominations Committee once every year, or on a more frequent basis in the case of issues which, in the opinion of the Committee, require notification to, and action by, the Board.

## **Management Committees**

### ***Executive Committee***

The Executive Committee is the senior executive body of the Issuer. It convenes at least once a week under the chairmanship of the Managing Director and with the participation of the General Managers and the Secretary of the Committee. Depending on the subjects under discussion, other Executives or Members of the Management of Group Companies participate in the proceedings. The Executive Committee carries out a review of the domestic and international economy and market developments, and examines issues of business planning and policy. Furthermore, the Committee deliberates on issues relating to the development of the Group, submits recommendations on the Rules and Regulations of the Issuer as well as on the budget and balance sheet of each Business Unit. Finally, it submits recommendations on the Human Resources policy and the participation of the Issuer or the Group Companies in other companies.

### ***Operations Committee***

The Operations Committee convenes at least once a week under the chairmanship of the Managing Director and with the participation of the General Managers, the Executive General Managers, and the Secretary of the Committee. Depending on the subjects under discussion, other Executives or Members of the Management of Group Companies participate in the proceedings. The Operations Committee undertakes a review of the market and the sectors of the economy, examines the course of business and new products. It approves the policy on Network and Group development and determines the credit policy. Finally, it decides on treasury management, the level of interest rates and the Terms and Conditions for deposits, loans and transactions.

### ***Assets – Liabilities Management Committee (ALCO)***

The Assets – Liabilities Management Committee convenes regularly every quarter under the chairmanship of the Managing Director. The General Managers, the Executive General Managers and the Managers of the ALM Planning Division, the Market and Operational Risk Division, the Analysis and Performance Management Division, the Asset Gathering Management Division, the Accounting and Tax Division, the Economic Research Division, the Wholesale Banking Credit Risk Division, the Retail Banking Credit Risk

Division, the Trading Division, the Capital Management and Banking Supervision Division and the Financial Markets Division participate as Members. The Committee examines and decides on issues related to Treasury and Balance Sheet Management and monitors the course of the results, the budget, the funding plan, the capital adequacy and the overall financial volumes of the Issuer and the Group approving the respective actions and policies. In addition, the Committee approves the interest rate policy, the structure of the investment portfolios and the total market, interest rate and liquidity risk limits.

### ***Relationships and Other Activities***

The Managing Director—CEO Mr. Demetrios P. Mantzounis is an uncle of the General Manager and Chief Operating Officer Mr. Spyros N. Filaretos. No other family relationships exist between any of the persons listed above.

There are no Directors' service contracts with the Issuer or between any of the Issuer's subsidiaries and their Directors, providing for benefits upon termination of service.

Other than as disclosed above, no Director or Senior Manager of the Issuer has any activities outside of the Issuer which are significant with respect to the Issuer. There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or duties.

### ***State Influence***

As the Issuer participated in the Pillar II of the capital facility programme of the Hellenic Republic Bank Support Plan, in accordance to Law 3723/2008, is required to seat a government-appointed representative on the Issuer's Board of Directors, who attends the General Meetings of its shareholders.

Ms. Marica S. Ioannou-Frangakis was appointed as the Hellenic Republic's representative on the Board of Directors on pursuant to the Issuer's participation in the Hellenic Republic Bank Support Plan for the liquidity of the Greek economy and as per Greek Law 3723/2008 in replacement of Mr. Sarantis-Evangelos G. Lolos, who participated in the Issuer's Board of Directors from 22 June 2010 until 17 March 2015. In certain circumstances, this representative has rights with regards to veto decisions relating to strategic issues or decisions that could have a significant impact on the legal or financial status of the Issuer and for which the approval of the General Meeting is required, or decisions referring to the distribution of dividends and the remuneration policy for the Issuer's Chairman, Managing Director-CEO, the rest of the members of the Board of Directors, the General Managers and their deputies under the relevant decision of the Ministry of Finance, or, in case of decisions that the representative considers detrimental to the interests of the depositors or that may materially affect the Issuer's solvency and effective operation, without such decision. Furthermore, the representative of the Hellenic Republic has free access to the Issuer's books and records, restructuring reports and viability, plans for medium-term financing needs, as well as data relating to the level of funding of the economy.

### ***HFSF Influence***

Furthermore, in the context of the recapitalisation of Greek banks, the Board of Directors, at its meeting on 30 January 2014, elected as a non-executive member, in accordance with Greek Law 3864/2010, upon instruction of the HFSF, Mrs. Panagiota S. Iplixian, as non-executive member of the Board of Directors, in replacement of Mr. Nikolaos G. Koutsos who resigned. In accordance to the provision of Greek Law 3864/2010, as in force, the representative of the HFSF on the Board of Directors, has the following rights:

- (a) to request the convocation of the General Meeting;
- (b) to veto any decision of the Board of Directors:

- (i) regarding the distribution of dividends and the remuneration policy and bonuses concerning the Chairman, the Managing Director-CEO and the other members of the Board of Directors, as well as the General Managers and their deputies;
  - (ii) where the decision in question could seriously compromise the interests of depositors, or impair the Issuer's liquidity or solvency or its overall sound and smooth operation of the Issuer (including business strategy, and asset/liability management); or
  - (iii) in relation to issues on which the HFSF may exercise its voting rights in the General Meeting of the Shareholders of the Issuer and which decision may negatively affect the participation of the HFSF in the Issuer's share capital.
- (c) to request an adjournment of any meeting of the Board of Directors for three (3) business days in order to get instructions from its Executive Committee;
  - (d) to request the convocation of the Board of Directors;
  - (e) to approve the appointment of the Chief Financial Officer of the Issuer; and
  - (f) The HFSF has the right of free access to the Issuer's books and records, with consultants of his/her choice.

In accordance to Greek Law 4340/2015 and the new Greek Law 4346/2015, which was published in the Government Gazette on November 20, 2015 (Gov. Gazette A, Issue 152/2015), that amended Greek Law 3864/2010, the HFSF has the right to evaluate the corporate governance framework of the Issuer and its Board of Directors members (see also "*Regulation and Supervision of Banks in Greece –The Hellenic Financial Stability Fund –The Greek Recapitalization Framework – Powers of the HFSF*").

### **Relationship Framework Agreement**

The relationship between the Issuer and the HFSF was further regulated by the Relationship Framework Agreement, entered into between the Issuer and the HFSF in accordance with the provisions of the Memorandum of Economic and Financial Policies (the "RFA"), which entered into force on June 12, 2013.

Following a request by the HFSF, the Issuer entered into a new Relationship Framework Agreement with the HFSF (the **New RFA**) on 23 November 2015 by replacing the existing RFA. The New RFA will remain in force so long as the HFSF has any ownership in the Issuer.

The New RFA mainly governs (a) matters of corporate governance of the Issuer; (b) the exercise of the rights of the HFSF's representative on the Board of Directors and HFSF's right to appoint one member to the Board Committees of the Issuer (including in the Audit, Risk Management, Remuneration, Corporate Governance and Nominations Committee, with rights to, among other things, include items in the agenda and convene meetings); (c) the Issuer's specific material matters that are subject to HFSF's consent; (d) the monitoring by the HFSF of the implementation of the Issuer's restructuring plan; and (e) the monitoring by the HFSF of the implementation of the Issuer's NPL management framework and of the Issuer's performance on NPL resolution.

The Issuer's administrative and management bodies continue to determine independently the Issuer's commercial strategy and policy (including business plans and budgets) in compliance with the restructuring plan, whereas the decisions on the day-to-day operation of the Issuer continue to rest with the Issuer's competent bodies and officers.

In particular, the HFSF has a series of information rights regarding the Issuer's affairs, whereas, in addition to those provided by Greek Law 3864/2010, the HFSF's representative on the Board of Directors has the



right to convoke the Board of Directors to a meeting and to include items on the daily agenda of the Board of Directors meetings scheduled and/or to the agenda of the General Meeting of the Issuer's shareholders. The HFSF is represented with one member in the Audit, Risk, Remuneration and Nomination Committees.

Further, the HFSF is represented with one member in the Audit, Risk Management, Remuneration, Corporate Governance and Nomination Committee and is entitled to include items in the agenda, convoke the committees to extraordinary meetings, and to be informed for resolutions and operations of such committees.

The Issuer must obtain the prior written consent of the HFSF on the following matters:

1. the Group's risk and capital strategy document(s), especially the risk appetite statements and risk governance and any amendment, extension, revision or deviation thereof;
2. the Issuer's strategy, policy and governance regarding the management of its arrears and non-performing loans and any amendment, extension, revision or deviation thereof,

If, however, the HFSF participation in the Issuer's share capital exceeds 15%, as per the New RFA, then the Bank must obtain the prior written consent of the HFSF also, among others, on the following matters:

1. the restructuring plan and any amendment, extension, revision or corrective actions or material matters thereof;
2. the Issuer's Group policy governing relations of the Issuer's Group with connected borrowers and any amendment, extension, revision or deviation thereof;
3. any Issuer's Group acquisitions, disposals, investments, asset transfers, including sale of subsidiaries, and excluding loan portfolios, where the book value or the fair value or the transaction value exceeds €50 million, except for, among others, (i) loans, credits and equivalent transactions to third parties within the Issuer's Group's course of business; (ii) loans, credits and equivalent intragroup transactions; and (iii) transactions in debt securities, any financial instrument for hedging purposes and any liquidity management transaction that, among others, comply with Issuer's policies and constitute a usual practice of the Issuer;
4. any Issuer's Group mergers or share capital decreases or increases, including those to be resolved by the Board of Directors. Especially with respect to increases or decreases, the prior consent of the HFSF is required in case these are not explicitly prescribed in the approved restructuring plan and the amount exceeds €50 million;
5. the Issuer's Group's investment/divestment policy regarding participations, real estate and loan portfolios and any amendment, extension, revision or deviation thereof; and
6. for any other issue, action, decision or event on which the New RFA, the law or the restructuring plan provide the consent of HFSF.

If the Issuer breaches any of its material obligations under the New RFA, and does not cure the breach within reasonable time, the HFSF will be able to exercise its full voting rights in accordance with article 7(a) of Greek Law 3864/2010.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The selected consolidated financial information of the Issuer set out below is extracted from the audited consolidated financial statements of the Issuer as at, and for the years ended, 31 December 2014 and 31 December 2013 and the unaudited financial statements of the Issuer as at, and for the nine months ended 30 September 2015 in each case, prepared in accordance with IFRS. The notes and audit reports in respect of these financial statements are incorporated by reference in this Base Prospectus — see "*Documents Incorporated by Reference*".

Set out below are selected consolidated balance sheet figures for the Issuer extracted from the audited consolidated financial statements of the Issuer as at, and for the years ended, 31 December 2014 and 31 December 2013 and the unaudited financial statements of the Issuer as at, and for the nine months ended 30 September 2015.

### (1) Consolidated Balance Sheet<sup>2</sup>

	30 September 2015	31 December 2014 <sup>2</sup>	31 December 2013
<i>(Thousands of Euro)</i>			
<b>ASSETS</b>			
Cash and balances with Central Banks.....	1,602,599	2,019,017	1,688,182
Due from banks .....	1,866,178	2,771,739	2,566,230
Securities held for trading .....	4,377	4,189	8,836
Derivative financial assets .....	894,697	1,148,476	797,393
Loans and advances to customers.....	46,961,442	49,556,985	51,678,313
Investment securities			
- Available for sale .....	5,673,331	5,688,286	4,966,934
- Held to maturity .....	169,030	310,818	1,369,786
- Loans and receivables .....	4,297,721	4,299,101	4,308,556
Investments in associates and joint ventures .....	45,617	46,383	50,044
Investment property.....	609,139	567,212	560,453
Property, plant and equipment.....	1,046,258	1,083,348	1,122,470
Goodwill and other intangible assets.....	331,464	331,424	242,914
Deferred tax assets.....	4,422,668	3,689,446	2,788,688
Other assets.....	1,421,284	1,365,066	<u>1,542,830</u>
	69,345,805	72,881,490	73,691,629
Assets held for sale.....	436,361	53,971	<u>5,638</u>
<b>Total Assets</b>	<b>69,782,166</b>	<b>72,935,461</b>	<b><u>73,697,267</u></b>
<b>LIABILITIES</b>			
Due to banks .....	27,559,077	17,300,114	19,082,724
Derivative financial liabilities .....	1,674,700	1,948,541	1,373,500
Due to customers (including debt securities in issue) .....	30,469,514	42,900,633	42,484,860
Debt securities in issue held by institutional investors and other borrowed funds .....	1,132,335	1,523,521	782,936
Amounts due for current income tax and other taxes .....	28,702	61,794	56,768
Deferred tax liabilities .....	38,134	25,502	35,160
Employee defined benefit obligations .....	109,698	105,353	78,700

<sup>2</sup> Source: The financial information for 2014 and 2013 derive from the Annual Financial Statements of 2014 (which are accompanied by the comparative Financial Statements for the year 2013) and for September 30, 2015 derive from the Interim Consolidated Statements as at 30.09.2015.

Other liabilities .....	1,313,204	1,091,747	1,156,000
Provisions .....	240,708	212,712	<u>278,884</u>
	62,566,072	65,169,917	<b>65,329,532</b>
Liabilities related to assets held for sale .....	260,265	58,994	
<b>Total Liabilities</b> .....	<b>62,826,337</b>	<b>65,228,911</b>	<b><u>65,329,532</u></b>

## EQUITY

### Equity attributable to equity owners of the Bank

Share capital .....	3,830,718	3,830,718	4,216,872
Share premium .....	4,858,216	4,858,216	4,212,062
Reserves .....	188,345	105,712	631,033
Amounts recognised directly in Equity and relate to assets held for sale .....	-	(25)	
Retained earnings .....	(1,975,160)	(1,142,801)	<u>(747,572)</u>
	<b>6,902,119</b>	<b>7,651,820</b>	<b>8,312,395</b>
<b>Non-controlling interests</b> .....	<b>23,975</b>	<b>23,266</b>	<b>23,640</b>
<b>Hybrid securities</b> .....	<b>29,735</b>	<b>31,464</b>	<b>31,700</b>
<b>Total Equity</b> .....	<b>6,955,829</b>	<b>7,706,550</b>	<b>8,367,735</b>
<b>Total Liabilities and Equity</b> .....	<b>69,782,166</b>	<b>72,935,461</b>	<b><u>73,697,267</u></b>

Set out below are selected consolidated income statement figures for the Issuer extracted from the audited consolidated financial statements of the Issuer for the years ended 31 December 2014 and 31 December 2013 and the unaudited financial statements of the Issuer as at, and for the nine months ended 30 September 2015 and the comparable figures of 30 September 2014.

## (2) Consolidated Income Statement

	<b>30 September 2015</b>	<b>30 September 2014</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
			<i>(Thousands of Euro)</i>	
Net interest income .....	1,445,484	1,428,997	1,938,531	1,657,821
Net fee and commission income .....	232,132	248,651	397,139	370,307
Dividend income .....	903	1,086	1,573	1,048
Gains less losses from financial transactions .....	45,369	85,690	41,289	256,551
Other income .....	46,833	50,395	64,995	74,626
<b>Total income</b> .....	<b>1,770,721</b>	<b>1,814,819</b>	<b>2,443,527</b>	<b>2,360,353</b>
Staff costs .....	(397,261)	(485,364)	(662,601)	(661,569)
Voluntary separation scheme cost		(194,500)	(200,800)	
General administrative expenses .....	(399,239)	(374,201)	(614,506)	(584,554)
Depreciation and amortisation expenses .....	(78,207)	(68,623)	(97,953)	(92,161)
Other expenses .....	(3,775)	(6,203)	(69,251)	(87,568)
<b>Total expenses</b> .....	<b>(878,482)</b>	<b>(1,128,891)</b>	<b>(1,645,111)</b>	<b>(1,425,852)</b>
Impairment losses and provisions to cover credit risk .....	(2,355,918)	(1,075,124)	(1,853,205)	(1,923,213)
Negative goodwill from the acquisitions. ....	-	40,287	40,287	3,283,052
Share of profit/(loss) of associates and joint ventures	(9,022)	(7,369)	(10,759)	(16,194)
<b>Profit/(loss) before income tax</b>	<b>(1,472,701)</b>	<b>(356,278)</b>	<b>(1,025,261)</b>	<b>2,278,146</b>
Income tax .....	723,309	492,875	695,553	701,195

<b>Profit/(Loss) after income tax from continuing operations .....</b>	<b>(749,392)</b>	<b>136,597</b>	<b>(329,708)</b>	<b>2,979,341</b>
Profit/(Loss) after income tax from discontinued operations.....	<u>(88,992)</u>	<u>(7,294)</u>	<u>                    </u>	<u>(57,117)</u>
<b>Profit/(Loss) after income tax .....</b>	<b><u>(838,384)</u></b>	<b><u>129,303</u></b>	<b><u>(329,708)</u></b>	<b><u>2,922,224</u></b>

## OVERVIEW OF THE BANKING SERVICES SECTOR IN GREECE

Bank lending to the private sector (corporations and households) has decreased by 3.8% on average annually in the period 2009-2014, with average annual nominal GDP growth of 6.4% over the same period. In December 2014, the outstanding amount of bank credit to the private sector decreased by 3.1% annually, though nominal GDP fell by 1.6% in the same year. However, credit expansion to the private sector fell at a decelerating pace to 1.5% at end-September 2015. In particular, the annual rate of change of mortgage and consumer lending stood at 3.5% and 2.8% respectively at end-September 2015, from 3.0% and 2.8% respectively at end-December 2014. According to ECB data, household indebtedness in Greece reached 54.4% of GDP at the end of September 2015, compared to 50.9% of GDP in the Eurozone. Furthermore, lending growth to businesses remained stable (0%) on a yearly basis at the end of September 2015, from 3.7% at the end of December 2014.

The assets of the Greek banking sector mildly decreased during the first nine months of 2015 to €375.9 billion to €389.3 billion at the end of December 2014 (*Bank of Greece: Table IV.7, consolidated balance sheet of other monetary financial institutions*). It is primarily a result of the low demand and deleveraging.

Today 41 banks operate in Greece, of which 8 are commercial banks, 10 are cooperative banks, 22 are branches of foreign banks, and one is a special credit institution. Banks and their subsidiaries represent approximately 10% of the total market capitalization (end-September 2015) of the Athens Stock Exchange. Despite the current conditions, Greek banks continue to retain the confidence of Greek and foreign investors holding first place in their investment choices against other sectors of the Greek Stock market.

Higher credit risk in bank lending was also a factor exerting pressure on the stability of the domestic banking system. The significant deterioration of the financial condition of corporations and households, owing to the adverse macroeconomic environment, was accompanied by a huge increase in the non-performing loans ratio (the **NPL ratio**). The NPL ratio stood at 33.8% at the end of December 2014, up from 31.9% at the end of December 2013. This deterioration was pronounced in all categories, i.e. housing loans (2014: 28.6%, 2013: 26.1%), corporate loans (2014: 33.5%, 2013: 31.8%) and consumer credit (2014: 49.5%, 2013: 47.3%). The coverage ratio (accumulated provisions to NPL ratios) increased significantly (2014: 55.8%, 2013: 49.3%).

After the results of the stress test in October 2015, the four systemic banks carried out sizeable capital increases attracting private investors.

Adverse macroeconomic conditions also affected the banks' profitability. Losses were attributable to lower operating income and higher impairment charges.

Greek banks have established their international presence, particularly in Emerging European countries (Albania, Bulgaria, Ukraine, FYROM, Romania, Serbia and Turkey) in view of the European perspective of most of these countries. As of December 2014, according to the Hellenic Bank Association, the Greek banks were active in 13 countries, through 29 subsidiaries, of which 15 in EU countries and 14 in non-EU countries, and 8 sub-branches, while employ 37,258 people in total. The Greek banks have developed a network of 2,389 branches; of which 46.0% of them were in EU countries (UK, Bulgaria, Luxembourg, Malta, Romania and Cyprus) and 54.0% in non-EU countries (Egypt, Turkey, South Africa, FYROM, Ukraine, Serbia and Albania). Moreover, banks seek more efficient use of limited resources while maintaining a strong presence in the countries of the region.

## **THE MORTGAGE AND HOUSING MARKET IN GREECE**

The size of the Greek mortgage market has grown rapidly from a relatively low percentage of GDP, partly due to the process of convergence of the Greek economy to achieve integration into the European Monetary Union. The residential mortgage market grew by on average annual growth rate of 22.5% from 2000 to 2010. Since then, due to the adverse macroeconomic environment, market outstandings have been decreasing at an average annual rate of -3.2%. At the end of 2015, the four largest lenders in the Greek residential mortgage market were the National Bank of Greece, the Issuer, Eurobank and Piraeus Bank, together accounting for almost 100% of the total market.

### **Mortgage Products**

Currently, all banks offer the following mortgage products:

- fixed rate mortgages (which account for a small percentage of the market);
- floating rate mortgages, based on the EURIBOR; and
- mortgages with a fixed rate for an initial period (for example 3, 5, 10 or 15 years) converting to a floating rate thereafter. At the expiry of the initial period, most banks also offer customers the option to choose one of the then applicable fixed rates.

Typically, mortgage loans have a term of 15 to 30 years, with a maximum term of 40 years.

### **The Greek Housing Market**

Traditionally, real estate has been the primary savings vehicle for Greek households, representing by now a large share of household wealth. This implies a relatively low turnover in the market, which is enhanced due to culturally strong family ties, which makes a virtue of children remaining in their parents' house until they get married and purchase a house of their own, as well as because there is virtually no buy-to-let market in Greece. As a result, owner occupancy is one of the highest in the EU although it tends to be overstated due to many people owning family houses in villages in which their family used to live before migrating to the cities. Within Greece, home ownership is highest in the regions and lowest in Athens, as would be expected. Second home ownership is also very high.

The average age of new borrowers is in the late 30s, indicating that young people prefer to reach a state of financial stability before investing in their own house.

Apartments are the most common type of residential property available, with townhouses and detached houses being prevalent to the more affluent city areas.

### **Security for Housing Loans**

In Greece, security for housing loans is created by establishing a mortgage. A mortgage can be established usually by a notarial deed, which is, however, quite costly and therefore not preferred among banks and borrowers.

Instead, in most cases, banks obtain a pre-notation of a mortgage, which is an injunction over the property entitling its beneficiary to obtain a mortgage as soon as a final judgment for the secured claim has been obtained, but which is valid as of the date of the pre-notation. From the point of view of enforceability, ranking of the security and preferred right to the proceeds of the auction, there is no difference between a holder of mortgage and a holder of a pre-notation of a mortgage, since the latter is treated as a secured creditor of the property. Both the holder of a pre-notation of a mortgage and a mortgagee need an

enforcement right before commencing enforcement procedures. The difference between them is that the pre-notation is a conditional security interest whose preferential treatment is subject to the unappealable adjudication of the claim it purports to secure, whereas a mortgagee's claim is enforceable pursuant to the mortgage deed itself.

Establishing a pre-notation is the most common way of establishing security for a housing loan in Greece. The pre-notation, as a form of injunction, can be established with or without the consent of the owner(s) of the property on which the mortgage will be secured, but is only granted pursuant to a court decision.

The procedures adopted by lenders of housing loans in practice has led to an arrangement whereby pre-notations are granted "by consent": where both the lending bank and the borrower appear before the competent court and consent to the establishment of the pre-notation on the specific real estate property. The court issues the decision immediately (in fact, the decision is drafted beforehand by the lending bank and is certified and signed by the judge who hears the claim).

Having certified the court decision and a summary thereof, the lawyer of the lending bank takes them to the Registry of Transcription or the Land Registry, where applicable, along with a written request for the issuance (by the Registry of Transcription and/or the Land Registry) of certificates confirming:

- (a) the ownership by the borrower of the mortgaged property;
- (b) the registration and class of the mortgage;
- (c) the absence of (judicially raised) claims of third parties against the current and all previous owner(s) of the mortgaged property; and
- (d) any other mortgages, pre-notations or seizures preceding the pre-notation registered by the bank.

At the same time the bank's lawyer effects a search in the Registry of Transcription and/or the Land Registry, where applicable, in order to confirm the uncontested ownership of the borrower and the first priority nature of the mortgage or pre-notation, before the loan can be disbursed.

Once the certificates are issued, they are reviewed by the bank's legal department and are included in the borrower's file. The legal review of both the ownership titles and the pre-notation registration is based on public documents, i.e. on notarial deeds and certificates issued by the competent land registries. The history of the ownership titles for the previous 20 years is examined (which is the period for adverse possession). Such a review together with a titles search in the Registry of Transcription and/or the Land Registry, where applicable, precedes the approval of the loan. Upon registration of the pre-notation, a second titles search is made to confirm the status quo.

### **Enforcing Security**

Article 1 of Law 4335/2015 has brought significant amendments, *inter alia*, to the enforcement provisions of the Greek Code of Civil Procedure, which shall come into effect from 1 January 2016 onwards. The new provisions shall apply only in respect of demands for immediate payment served to the debtor after 1 January 2016.

Once a loan agreement is in default and terminated, a letter is served on the borrower and on the guarantors (the **Debtors**), if any, informing them of this fact and requesting the persons indebted to pay all amounts due. Following notification and in the case of continued non-payment, a judge of the competent First Instance Court is presented with the case upon which the judge issues an order for payment to be served on the borrower together with a demand for immediate payment. Service of the order and demand for payment is the first action of enforcement proceedings. Three working days after serving the payment order and

demand, the property can be seized and the auction process starts (see below for a description of the auction process).

The Debtor, after being served the order for payment, is granted 15 working days to contest the validity of the order for payment, either on the merits of the case or on the ground of procedural irregularities. This can be done by filing an Article 632-633 Annulment Petition before the Court of First Instance. At the same time, the borrower can file an Article 632 Suspension Petition for the suspension of the enforcement proceedings as a provisional measure. At the time of filing the Article 632 Suspension Petition, in most cases, immediate suspension is granted up until the hearing of the suspension petition. If the court decides that the arguments in the Article 632-633 Annulment Petition are correct and reasonable, the suspension of enforcement will be granted to the petitioner until the issue of the decision on the Article 632-633 Annulment Petition. If the judge decides that the Article 632-633 Annulment Petition has no grounds and rejects this, the suspended enforcement procedures can continue. If the Debtor has not filed an Article 632-633 Annulment Petition and subsequent suspension in the first 15 working days, then the bank may again serve the order for payment whereby a second period of fifteen working days (ten working days under the previously applicable regime), is granted to the borrower to contest the procedure. Failure to contest the order for payment will result in the bank acquiring a final deed of enforcement and then the pre-notation is converted to a mortgage.

The Debtor may also file with the relevant Court of First Instance an Article 933 Petition for Annulment of certain actions of the foreclosure proceedings based on reasons pertaining to both the validity of the order for payment and to procedural irregularities. Both Article 632-633 and Article 933 Annulment Petitions may be filed either concurrently or consecutively, but it should be noted that the Article 933 Annulment Petition may not be based on reasons pertaining to the validity of the order for payment, once the order of payment has become final as mentioned above. The time for the filing of an Article 933 Annulment Petition varies depending on the foreclosure action that is being contested.

According to the provisions of Law 4335/2015, the ability of the debtor to challenge the compulsory enforcement actions, which are carried out by the creditor, is significantly restricted. In particular, by virtue of the provisions of the Code of Civil Procedure, as in force until 31 December 2015, the debtor was entitled to challenge separately each compulsory enforcement action and as a result the completion of the enforcement procedure was significantly delayed. However, by virtue of Law 4335/2015 the debtor is entitled to oppose to defects of the compulsory enforcement procedure in just two stages: the first one is set before the auction and is related to any reason of invalidity of the compulsory enforcement actions carried out before the auction, whereas the second one is set after the auction and is related to any defects, which arose from the auction until the awarding. In case that the compulsory enforcement procedure is based on a court's judgment or payment order, the litigant parties are only entitled to file an appeal issued against the judgment, which has been issued in relation to the Article 933 Annulment Petition. The possibility to file an appeal in cassation against the decision is abolished.

The filing of an Article 933 Annulment Petition entitles the Debtor to file a Suspension Petition in relation to the enforcement. In particular, if the Suspension Petition relates to the suspension of the auction, such petition should be filed at the latest five (5) days before the date of the auction and the decision on the Suspension Petition must be issued at the latest by 12.00 p.m. on Monday prior to the auction date.

The actual auction process starts with seizure of the property, which takes place three working days after the order for payment is served on the borrower. The seizure statement that is issued by the bailiff who performs it, contains the auction date which, in respect of demands for immediate payment served to the debtor after 1 January 2016, should take place within seven months from the date of completion of the seizure and in any case no later than eight months from the completion of the seizure (or within a deadline of three months since the continuation statement, in case the auction does not take place on the initial date) and place and the notary public who will act as the auction clerk. At this point all mortgagees (including those holding a pre-notation of mortgage) are informed of the upcoming auction.



The minimum auction price is determined within the statement of the court bailiff and can be contested by the borrower or any other lender at the latest twenty (20) days before the auction date. The relevant court's decision should be published at the latest by 12.00 p.m. ten (10) days before the auction date. The minimum auction price should be at least two third of the estimated value of the seized immovable property. For demands for immediate payment served to the debtor after 1 January 2016, the market value of the seized immovable property shall be taken into account for the estimation of the value of the seized immovable property. A presidential decree shall determine the method for the calculation of the market value of the immovable property seized, the competent body for the calculation of such market value and any further details. Until the issuance of the presidential decree, the estimation of the value of the seized immovable property cannot be less than the property value of the immovable property for the calculation of the transfer tax (if any).

Until the issuance of the presidential decree, the following process shall apply in respect of auctions of immovable property.

If no bidders appear at the auction, the immovable property is awarded at the minimum auction price to the person in favour of whom the enforcement proceedings were initiated, upon the latter's request. If no such request is submitted, a repetitive auction takes place within fourteen (14) days at an auction price set at one half (1/2) of the estimated value of the seized property. If such repetitive auction is unsuccessful, the competent court, upon request of persons having legal interest, may order the conduct of another auction within thirty (30) days, at a reduced auction price or allow the sale of the property to the person in favour of whom the enforcement proceedings were initiated or to third persons at a price determined by the court, which may also provide that part of the consideration may be paid in instalments. If such auction or disposal is unsuccessful, the competent court, upon request of persons having legal interest, may rescind the seizure or order the conduct of another auction at a further reduced auction price.

The public auctions occur before a notary public of the district of the immovable property. The auctions take place in two stages. At first instance, the bids are submitted in closed envelopes and the amount of the bid has to be guaranteed either by a letter of credit of monthly duration or by a bank's cheque. At the second stage, the bids are oral.

In the auction, the property is sold to the highest bidder who then has 15 days to pay. Once the price of the property is paid, the notary public prepares a special deed listing all the creditors and allocating the proceeds of the auction. Each creditor must announce its claim, along with the documents substantiating its claim, to the notary public within 5 days from the day of the auction (and under the previously applicable regime within 15 days of the auction).

Once the allocation of proceeds amongst the creditors of the Debtor has been determined pursuant to a deed issued by a notary public, the creditors of the Debtor may dispute the allocation and file a petition contesting the deed. The Court of First Instance adjudicates the matter but the relevant creditor is entitled to appeal against the decision to the Court of Appeal. This procedure may delay the collection of proceeds and the time at which the Issuer finally receives the proceeds of the enforcement of the relevant property. However, the law provides that is the creditors are entitled to the payment of their claims even if their allocation priority is subject to a challenge, provided that they provide a letter of guarantee issued from a bank legally established in Greece securing repayment of the money in the event that such challenge is upheld.

## REGULATION AND SUPERVISION OF BANKS IN GREECE

The Group is subject to financial services laws, regulations, administrative actions and policies in each location where the Group operates. The Bank of Greece is the central bank in Greece. The European Central Bank (the **ECB**) through the Single Supervisory Mechanism (**SSM**) and the support of the Bank of Greece is responsible for the licensing and supervision of credit institutions operating in Greece, in accordance with Regulation No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions and Greek Law 4261/2014 on access to the activity of credit institutions and the prudential supervision of credit institutions (the **Banking Law**), Greek Law 3746/2009 on the Greek deposit and investment guarantee fund, Greek Law 3691/2008 on anti-money laundering, Greek Law 3862/2010 on payment services and on participation in credit institutions, Greek Law 4335/2015 transposing Directive No. 2014/59/EU (establishing a framework for the recovery and resolution of credit institutions and investment firms), Regulation No. 806/2014 (establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund) and Greek Law 1266/1982 on organisation, exercising monetary, credit and currency policy, each as amended and in force.

Regulation of the banking industry in Greece has changed in recent years as Greek law has been modified to a great extent so as to comply with applicable EU directives. In August 2007, EU Directives No. 2006/48/EC (the **Capital Requirements Directive**) and 2006/49/EC regarding the adoption of the revised Basel Capital Accord, known as Basel II, relating to the taking up and pursuit of the business of credit institutions and to the capital adequacy of investment firms and credit institutions, were transposed into Greek law by virtue of Greek Law 3601/2007. Following this, on 20 August 2007, the Bank of Greece issued ten Governor's Acts specifying the details for the implementation of Basel II, which took effect from 1 January 2008. These Acts were amended during 2010 in order to adopt the respective amendments of the EU directives as regards risk management, own funds, capital adequacy and large exposures, and certain of them were further amended during 2012.

As of 1 January 2014, a new framework on capital requirements for credit institutions on the basis of the Basel III accord was introduced by virtue of the CRD IV and CRR. CRD IV was transposed into Greek law by virtue of the Banking Law which entered into force on 1 January 2014 with the exception of specific provisions regarding the requirements to maintain a capital conservation buffer, an institution-specific countercyclical capital buffer, global and other systemically important institutions, the recognition of a systemic risk buffer rate, the setting and calculation of countercyclical capital buffers, the recognition of countercyclical buffer rates in excess of 2.5%, the third country countercyclical buffer rates, the calculation of institution-specific countercyclical capital buffer rates and capital conservation measures which shall enter into force as of 1 January 2016, as well as provisions regarding administrative penalties and other administrative measures which entered into force as of 5 May 2014. The CRR is also applicable as of 1 January 2014, with the exception of certain provisions in relation to the option of authorities to derogate from the application of liquidity requirements on an individual basis, the taking of joint decisions by the consolidating supervisor and the competent authorities on the level of application of liquidity requirements on parent and subsidiary entities, the disclosure of information regarding an institution's leverage ratio, which are applicable as of 1 January 2015 and the provision regarding stable funding which shall apply from 1 January 2016. To provide guidance for the implementation of CRD IV, the European Commission issued Implementing Regulation (EU) No. 680/2014 of 16 April 2014 setting forth implementing technical standards with regard to supervisory reporting of institutions which was amended by the Implementing Regulation (EU) No. 2015/79 of 18 December 2014 and Implementing Regulation 2015/227 of 9 December 2015.

For more information as to the new capital requirements framework, see "*Guidelines for Capital Requirements*" below.

According to Article 166 of the Banking Law, any regulatory decisions issued by authorisation of the banking law previously in force (Law 3601/2007) and abolished by the Banking Law, remain in force until they are replaced by new decisions issued by authorisation of the Banking Law provided that they are not contrary to the provisions of the Banking Law or the CRR.

The ECB is the central bank for the Euro managing the Eurozone's monetary policy. Within the context of establishing a European banking union based on a concise and detailed common rulebook for financial services regarding the entire internal market, composed by a single supervisory mechanism and a new deposit guarantee and resolution framework, Regulation 1024/2013 was issued conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions in the Eurozone.

According to Article 4 of the CRR, the ECB was conferred among other things, the below duties as of 4 November 2014:

- To authorise credit institutions and to withdraw authorisations of credit institutions;
- For credit institutions, that wish to establish a branch or provide cross-border services in a country outside the Eurozone, to carry out the tasks which the competent authority of the home Member State shall have under the relevant union law;
- To assess notifications of the acquisition and disposal of qualifying holdings in credit institutions;
- To ensure compliance with the acts which impose prudential requirements on credit institutions in the areas of own funds requirements, securitisation, large exposure limits, liquidity, leverage, and reporting and public disclosure of information on those matters;
- To ensure compliance with the acts which impose requirements on credit institutions to have in place robust governance arrangements, including the fit and proper requirements for the persons responsible for the management of credit institutions, risk management processes, internal control mechanisms, remuneration policies and practices and effective internal capital adequacy assessment processes, including Internal Ratings Based models;
- To carry out supervisory reviews, including where appropriate in coordination with the European Banking Authority, stress tests and on the basis of that supervisory review to impose on credit institutions specific additional own funds requirements, specific publication requirements, specific liquidity requirements and other measures, where specifically made available to competent authorities by relevant EU law;
- To carry out supervision on a consolidated basis over credit institutions' parent entities established within the Eurozone and to participate in supervision on a consolidated basis; and
- To carry out supervisory tasks in relation to recovery plans, and early intervention where a credit institution or group in relation to which the ECB is the consolidating supervisor, does not meet or is likely to breach the applicable prudential requirements, and, only in the cases explicitly stipulated by relevant EU law for competent authorities, structural changes required from credit institutions to prevent financial stress or failure, excluding any resolution powers.

The ECB and the national central banks together constitute the Eurozone's central bank system. The ECB performs its supervisory duties through the SSM in collaboration with the competent national authorities, namely, in the case of Greece, the Bank of Greece.

## **The Regulatory Framework – Prudential Supervision**

Credit institutions operating in Greece are required to:

- Observe the liquidity ratios prescribed by the applicable articles of the Banking Law and the CRR and Commission Delegated Regulation (EU) 2015/61 supplementing the CRR with regard to liquidity coverage requirement for credit institutions);
- Maintain efficient internal audit, compliance and risk management systems and procedures (Act No. 2577/2006 of the Governor of the Bank of Greece, as supplemented by Decision No. 231/4/2006 as replaced by Decision No. 281/17.3.2009 of the Banking and Credit Committee of the Bank of Greece, and further amended by successive Acts of the Governor of the Bank of Greece and decisions of the Banking and Credit Committee of the Bank of Greece);
- Submit to the ECB periodic reports and statements;
- Provide to the ECB or the Bank of Greece such further information as it may require; and
- In connection with certain operations or activities, make notifications to or request the prior approval of (as the case may be) the ECB or the Bank of Greece, in each case in accordance with the applicable laws of Greece and the relevant acts, decisions and circulars of the Bank of Greece (each as in force from time to time).

Under Greek legislation, the ECB, in the exercise of its control over Greek credit institutions, has the power to conduct audits and inspect the books and records of credit institutions. If a credit institution breaches any law or regulation falling within the scope of the supervisory power attributed to the ECB, the ECB is empowered, among others, to:

- Require the relevant credit institution to take appropriate measures to remedy the breach;
- Impose fines (Article 55A of the articles of association of the Bank of Greece, as amended by Act No. 2602/2008 of the Governor of the Bank of Greece);
- Appoint an administrator who shall evaluate the general financial, administrative and organisational state of the credit institution and take all necessary steps to ensure its proper operation, preparing it either for recovery or entry into liquidation proceedings;
- Where the breach cannot be remedied, suspend or revoke the license of the credit institution and place it in a state of special liquidation.

The Bank of Greece remains the competent authority for the resolution of credit institutions operating in Greece until 31 December 2015 after which powers are conferred to the SSM. The Bank of Greece's powers and authorities are regulated by the framework for the resolution of credit institutions described below.

### **Transposition of Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the Reorganisation and Winding Up of Credit Institutions**

Greece has faithfully transposed Directive No. 2001/24/EC by virtue of Greek Law 3458/2006 on the winding-up and reorganisation of credit institutions. Greek Law 3458/2006 in line with the provisions of Directive No. 2001/24/EC introduces a series of conflicts of laws rules on the laws applicable to the winding-up and reorganisation of a credit institution, including among others:

### ***Law Governing the Reorganisation Measures***

Article 4 sets the rule by providing that any reorganisation process shall be applied in accordance with the laws, regulations and procedures applicable in the Home State of the credit institution, subjected to such process. Under Greek law, the Bank of Greece would be the competent authority to commence a reorganisation that would be primarily regulatory in nature. The process would be carried out in accordance with the provisions of the Banking Law.

### ***Law Governing the Winding-Up Process***

Article 11 introduces a conflict of laws rule on the winding up process for credit institutions, pursuant to which any credit institution shall be wound up in accordance with the laws, regulations and procedures applicable in Greece insofar as Greek Law 3458/2006 does not provide otherwise.

The regulatory framework has been affected by the new recapitalisation framework and the creation of the HFSF. See "*The Macroeconomic Environment in Greece*".

### **Transposition of Directive 2014/59 Establishing a Framework for the Recovery and Resolution of Credit Institutions**

The European Council of October 18, 2012 reached the conclusion that "*in the light of the fundamental challenges facing it, the Economic and Monetary Union needs to be strengthened to ensure economic and social welfare as well as stability and sustained prosperity*" and that "*the process towards deeper economic and monetary union should build on the EU's institutional and legal framework and be characterised by openness and transparency towards non-euro area Member States and respect for the integrity of the Single Market.*" For that reason a banking union is created on the basis of a complete and detailed set of rules for financial services covering the entire internal market by establishing a single supervisory mechanism, the introduction of a new deposit guarantee and resolution framework.

Within that context, Directive No. 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (**BRRD**) and Regulation 806/2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions were adopted. The BRRD was transposed into Greek law by virtue of Article 2 of Law 4335/2015 and has entered into force on July 23, 2015 (with the exception of certain provisions related to the bail-in tool, which shall apply from January 1, 2016 onwards).

According to Greek Law 4335/2015 (the **BRR Law**), the Bank of Greece shall remain the resolution authority for Greek systemic credit institutions until 31 December 2015, and as of 1 January 2016 the resolution powers are conferred to the SRM, established by virtue of the above Regulation 806/2014.

Greek Law 4335/2015 provides, *inter alia*, the steps of preparation for the adoption of measures of recovery and resolution, including:

- (a) the drawing up and the submission of recovery plans by credit institutions to the Bank of Greece for evaluation, which provide the measures to be taken for the restoration of their financial position following a significant deterioration thereof; and
- (b) the drawing up of a resolution plan by the resolution authority for each credit institution.

Furthermore, Greek Law 4335/2015 provides the competent authority with extensive powers for the early intervention in the operations of a credit institution in order to prevent its insolvency. Within this framework, the Bank of Greece, as the competent resolution authority, may take the following measures:

- Require the management body of the institution to implement one or more of the arrangements or measures set out in the recovery plan or to update such recovery plan;

- Require the management body of the institution to examine the situation, identify measures to overcome any problems identified and draw up an action program to overcome those problems and a timetable for its implementation;
- Require the management body of the institution to convene, or if the management body fails to comply with that requirement convene directly, a meeting of shareholders of the institution, and in both cases set the agenda and require certain decisions to be considered for adoption by the shareholders;
- Require one or more members of the management body or senior management to be removed or replaced if those persons are found unfit to perform their duties;
- Require the management body of the institution to draw up a plan for negotiation on restructuring of debt with some or all of its creditors according to the recovery plan, where applicable;
- Require changes to the institution's business strategy;
- Require changes to the legal or operational structures of the institution; and
- Acquire, including through on-site inspections and provide to the resolution authority, all the information necessary in order to update the resolution plan and prepare for the possible resolution of the institution and for the valuation of the assets and liabilities of the institution prior to and for the purpose of its resolution.

In case of significant deterioration of the financial condition of an institution or of significant infringements of the law, regulatory acts or the constitutional documents of the institution or in case of significant administrative irregularities, and provided that the above measures are not sufficient to reverse the deterioration, the competent authority, may require the removal of the senior management or management body of the institution, in its entirety or with regard to individuals. When the competent authority considers the replacement of the senior management or the management body as insufficient for the restoration of the situation, it may appoint one or more commissioners either to temporarily replace the board of directors of the institution or to temporarily cooperate with it. The role and duties of such commissioner shall, *inter alia*, include ascertaining the financial position of the institution, managing the business of the institution with a view to preserving or restoring its financial position as well as taking measures to restore the sound and prudent management of the business of the institution.

In case a credit institution, despite the early intervention of the competent authority, becomes insolvent, the resolution authority may take measures for its resolution. In this regard, Greek Law 4335/2015 introduces four new resolution tools:

- The sale of business tool: According to this tool the resolution authority has the power to transfer, on commercial terms, to a purchaser that is not a bridge institution shares or other instruments of ownership and/or some or all of the assets of the institution under resolution, namely rights, obligations and contractual relationships of such institution, without the consent of its shareholders or of any third party other than the acquirer. Following this, the institution is placed under special liquidation;
- The bridge institution tool: According to this tool the resolution authority has the power to transfer to a bridge institution shares or other instruments of ownership and/or some or all of the assets of the institution under resolution, namely rights, obligations and contractual relationships of such institution, without the consent of its shareholders or of any third party other than the bridge institution, which is then placed under special liquidation. The bridge institution, which is established to serve the purposes of the resolution, belongs in its entirety or partially to the Resolution Fund (namely the Resolution Scheme of the HDIGF pursuant to paragraph 1 of article 95

of the Greek Law 4335/2015, but also see below under "*Single Resolution Fund*") or one or more public authorities, while it is created exclusively for the abovementioned purpose. The bridge institution or its assets are sold on commercial terms within two years from its establishment or otherwise the bridge institution is placed under liquidation;

- The asset separation tool: the resolution authority may use this tool to transfer assets, namely rights, obligations and contractual relationships of an institution under resolution or a bridge institution to one or more asset management vehicles, without the consent of the shareholders of the institution under resolution or of any third party other than the bridge institution. These asset management vehicles are legal persons owned in total or partially or controlled by one or more authorities, including the Resolution Fund or the resolution authority and created for the purpose of receiving some or all of the assets, rights and liabilities with the purpose of maximising their value until their eventual sale or orderly wind down; and
- The bail-in tool is a new tool which the resolution authority may use for the write down or conversion of the liabilities of the institution under resolution. (for a more detailed description of this tool please see below under "*The Bail-in tool*").

According to Article 32 of the Greek Law 4335/2015, the resolution tools may be used provided the following conditions are cumulatively met:

- The institution is failing or is likely to fail, namely:
  - The institution infringes or there are objective elements to support a determination that the institution will, in the near future, infringe the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the competent authority including but not limited to because the institution has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds;
  - The assets of the institution are or there are objective elements to support a determination that the assets of the institution will, in the near future, be less than its liabilities;
  - The institution is or there are objective elements to support a determination that the institution will, in the near future, be unable to pay its debts or other liabilities as they fall due; and
  - Extraordinary public financial support is required except when, in order to remedy a serious disturbance in national economy and preserve financial stability, the extraordinary public financial support takes any of the following forms: (i) a state guarantee to back liquidity facilities provided by the central bank according to the conditions governing its operation; (ii) a state guarantee of newly issued liabilities; or (iii) an injection of own funds or purchase of capital instruments at prices and on terms that do not confer an advantage upon the institution, where neither the circumstances referred to under the preceding three bullet points of this paragraph nor the circumstances referred to in paragraphs 2 and 9 of Article 59 of Greek Law 4335/2015 are present at the time the public support is granted.
- Having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action would prevent the failure of the institution within a reasonable timeframe; and
- A resolution action is necessary in the public interest and in particular for the achievement of and is proportionate to one or more of the resolution objectives and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The resolution procedure is governed by specifically defined principles set out in Article 34 of Greek Law 4335/2015 and is based on a fair, prudent and realistic valuation of the assets and liabilities of the credit

institution under resolution, performed in accordance with Article 36 of Law 4335/2015 by a valuator who is appointed by the resolution authority and is independent from any public authority, including the resolution authority and the institution, with the following purposes:

- To inform the determination of whether the conditions for resolution or the conditions for the write down or conversion of capital instruments are met;
- If the conditions for resolution are met, to inform the decision on the appropriate resolution action to be taken in respect of the institution;
- When the power to write down or convert relevant capital instruments is applied, to inform the decision on the extent of the cancellation or dilution of shares or other instruments of ownership, and the extent of the write down or conversion of relevant capital instruments in order to comply with the principle that no creditor will incur greater losses than it would have incurred if the institution under resolution had been wound up under normal insolvency proceedings ("creditor no worse off principle");
- When the bail-in tool is applied, to inform the decision on the extent of the write down or conversion of eligible liabilities;
- When the bridge institution tool or asset separation tool is applied, to inform the decision on the assets, rights, liabilities or shares or other instruments of ownership to be transferred and the decision on the value of any consideration to be paid to the institution under resolution or, as the case may be, to the owners of the shares or other instruments of ownership;
- When the sale of business tool is applied, to inform the decision on the assets, rights, liabilities or shares or other instruments of ownership to be transferred and to inform the resolution authority's understanding of what constitutes commercial terms; and
- In all cases, to ensure that any losses on the assets of the institution are fully recognised at the moment the resolution tools are applied or the power to write down or convert relevant capital instruments is exercised.

### ***The Bail-in Tool***

The bail-in tool includes the bail-in and/or the write down or conversion of capital instruments. The bail-in tool can be used separately or in conjunction with the other resolution measures. The bail-in tool entered into force on 1 November 2015 with the exception of the provisions according to which the application of the bail-in tool requires the contribution of private sector investors and creditors to loss absorption and recapitalisation of the credit institution must be equal to an amount not less than 8% of the total liabilities (including own funds) of the institution under resolution, measured at the time of resolution action in accordance with the valuation provided for in Article 36 of Greek Law 4335/2015, which shall enter into force as of 1 January 2016.

The resolution authority may implement the bail-in tool for any of the following reasons:

- (a) for the recapitalisation of an institution that meets the requirements for resolution; or
- (b) for the conversion to share capital or the write down of the liabilities or the debt instruments transferred to a bridge institution in order to provide it with capital, or in the context of the implementation of the sale of business tool or asset separation tool. The restructuring of the liabilities using the bail-in tool takes place in a manner which ensures that the shareholders bear losses first, followed by relevant capital instruments, subordinated liabilities and senior unsecured liabilities, in accordance with their hierarchy in normal insolvency proceedings.



When applying the bail-in tool for the write down or conversion of capital instruments, the resolution authority shall take in respect of shareholders and holders of other instruments of ownership one or both of the following actions:

- Cancel existing shares or other instruments of ownership or transfer them to bailed-in creditors; and
- Provided that, in accordance to the valuation carried out under Article 36, the institution under resolution has a positive net value, dilute existing shareholders and holders of other instruments of ownership as a result of the conversion into shares or other instruments of ownership of: (i) relevant capital instruments issued by the institution pursuant to the power referred to in Article 59 paragraph 9 of Greek Law 4335/2015; or (ii) eligible liabilities issued by the institution under resolution pursuant to the power referred to in point (f) of Article 63 paragraph 1 of the same law.

The following liabilities are excluded from the bail-in tool:

- Covered deposits;
- Secured liabilities including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which according to national law are secured in a way similar to covered bonds;
- Any liability that arises by virtue of the holding by the institution of client assets or client money including client assets or client money held on behalf of UCITS as defined in paragraph 2 of Article 2 of Greek Law 4099/2012 or of AIFs as defined in point (a) of paragraph 1 of Article 4 of Greek Law 4209/2013, provided that such a client is protected under the applicable insolvency law;
- Any liability that arises by virtue of a fiduciary relationship between the institution (as fiduciary) and another person (as beneficiary) provided that such beneficiary is protected under the applicable insolvency or civil law;
- liabilities to institutions, excluding entities that are part of the same group, with an original maturity of less than seven days;
- liabilities with a remaining maturity of less than seven days, owed to systems or operators of systems designated according to Greek Law 2789/2000 or their participants and arising from the participation in such a system;
- Deposits of the HDIGF and the Stock Exchange Members' Guarantee Fund;
- A liability to any one of the following:
  - An employee, in relation to accrued salary, termination compensation, pension benefits or other fixed remuneration, except for the variable component of remuneration that is not regulated by a collective bargaining agreement;
  - A commercial or trade creditor arising from the provision to the institution of goods or services that are critical to the daily functioning of its operations, including IT services, utilities and the rental, servicing and upkeep of premises;
  - Tax and social security authorities, provided that those liabilities are preferred under the applicable law; and
  - Deposit guarantee schemes arising from contributions due in accordance with Directive No. 2014/49/EU.

All secured assets relating to a covered bond cover pool should remain unaffected, segregated and with enough funding. However, neither this requirement nor the exclusion of the secured liabilities (including covered bonds) shall prevent the resolution authority, where appropriate, from exercising those powers in relation to any part of a secured liability that exceeds the value of the security.

The power to write down or convert relevant capital instruments conferred to the resolution authority under Articles 59 *et seq.* of Greek Law 4335/2015 and which constitute the second part of the bail-in tool may be exercised either independently of the resolution action taken by the resolution authority within the context of the bail-in tool for the purpose of the recapitalization of a credit institution or in combination with the action taken by the resolution authority provided that the requirements set out in Articles 32 and 33 of Greek Law 4335/2015 are fulfilled or in combination at the point of non-viability with the government financial stabilization tools provided for in Articles 56 to 58 of the same law (please see below under "*Extraordinary Public Financial Support*"), under the circumstances provided by the applicable legislation, for example when it is established that the conditions for resolution are met or when the competent authority establishes that if the said power is not exercised, the institution will cease to be viable (**PONV**). If an institution meets the requirements for resolution and the resolution authority decides to implement a resolution tool, then the exercise of the above power is required.

As is the case for the bail-in tool, the BRRD sets a special ranking of the instruments subject to the powers of write down or conversion in the following order: common shares, preferred shares, hybrids and subordinated securities. In that case the exercise of such power is based on the valuation performed by an independent valuator appointed by the resolution authority in accordance with Article 36. By virtue of Greek Law 4335/2015 a new Article 145A was introduced determining the ranking of claims upon liquidation of a credit institution.

More specifically, in accordance with Article 145A, as recently amended by virtue of Greek Law 4340/2015, the following claims are ranked preferentially in the following order:

- Claims of paragraph (c) of Article 154 of the Bankruptcy Code;
- Claims of the State in case of application of Articles 57 or 58 of Greek Law 4335/2015;
- Claims from covered deposits or claims of the HDIGF which substitutes compensated depositors in their rights and liabilities for the amount of such compensation or claims of the HDIGF due to the use of the Deposit Guarantee Scheme in the context of a resolution according to Article 104 of Greek Law 4335/2015;
- Claims of the State from any cause, along with surcharges and interest accrued on such claims;
- The following claims:
  - (i) Claims of the Resolution Fund according to paragraph 6 of article 98 in case of financing with the purpose of fulfilling the obligations of the Resolution Fund according to the specific provisions of Article 95 of Greek Law 4335/2015;
  - (ii) Claims for eligible deposits exceeding the covered amount according to point (a) of paragraph 2 of Article 9 of Greek Law 3746/2009 for the deposits of individuals and micro, small and medium-sized enterprises; and
  - (iii) Claims from covered investment services within the meaning of point (b), paragraph 2 of Article 2 and point (a) of paragraph 1 of Article 10 of Greek Law 3746/2009 or claims of the HDIGF which substitutes compensated investor clients in their rights and liabilities for the amount of such compensation.

- Claims from eligible deposits to the extent that they exceed the guaranteed limit as per point (a) of paragraph 2 of Article 9 of Greek Law 3746/2009 and do not fall within the scope of the preceding bullet point;
- Claims from deposits that are excluded from compensation according to Article 11 of Greek Law 3746/2009, but not including deposits falling within points 3, 14 and 15 of such provision; and
- Claims that are not included in the above cases, that are not subordinated according to the relevant agreement and that derive, indicatively, from loans and other credit agreements, product or services procurement agreements or derivatives. Said claims do not include (i) claims from bonds issued by credit institutions, with the exception of bonds guaranteed by the Greek State which are included, (ii) claims from guarantees given by a credit institution in relation to bonds or hybrid notes issued by subsidiaries within the meaning of paragraph 2 of Article 32 of Greek Law 4308/2014, irrespective of their registered seat, or (iii) claims of such subsidiaries when they derive from loan or deposit agreements with the credit institution, by virtue of which the credit institution is granted as loan or accepts as deposit the funds from the issue of bonds or hybrids by such subsidiaries. In case of such a deposit by the subsidiary to the credit institution, the exception applies to the part of the deposit not covered by the third bullet point above. Claims under (i) to (iii) of this paragraph rank as non preferred claims unless the obligations of the subsidiary from the bonds or the hybrid notes issued by it in respect of which the guarantee was granted or the loan or deposit agreement was concluded in the sense of cases (ii) and (iii) above are subordinated obligations of the subsidiary, in which case the claims against the credit institution will also be subordinated in the same manner.

Claims under the first and second points of the fifth bullet above are satisfied in equal parts. The provisions of Articles 154 *et seq.* of the Bankruptcy Code are applicable in all other respects.

It is noted that according to the new Article 145A of Greek Law 4261/2014, in deviation from the above, the following claims are satisfied preferentially as follows: (a) If upon the special liquidation of a credit institution there exist rights from financial collateral agreements within the meaning of Article 2 of Greek Law 3301/2014, the collateral taker is fully satisfied from the collateral to the exclusion of any other claims (paragraph 4 of Article 145 of Greek Law 4261/2014); (b) During the activation of the procedure for the compensation of depositors according to the provisions of Article 13 of Greek Law 3746/2009, the funds of the Deposit Guarantee Scheme of the HDIGF that are deposited with the failing credit institution, the relevant accrued interest as well as any contribution due to the Deposit Guarantee Scheme of the HDIGF are returned immediately to the latter from the management of the credit institution, in deviation of any other provision of substantive or procedural law and prior to the satisfaction of any other claim; and (c) during the activation of the procedure for the compensation of investors, according to the provisions of Article 13 of Greek Law 3746/2009, the funds of the Investors Guarantee Scheme of the HDIGF that are deposited with the failing credit institution, the relevant accrued interest as well as any contribution due to the Investors Guarantee Scheme of the HDIGF are returned immediately to the latter from the management of the credit institution, in deviation of any other provision of substantive or procedural law and prior to the satisfaction of any other claim. By virtue of Greek Law 4340/2015, the above-described ranking of the claims was rendered a mandatory rule of public interest.

In exceptional circumstances, when the bail in tool is implemented, the resolution authority may exclude or partially exclude certain liabilities from the application of the write down or conversion powers. This exception shall apply in case it is strictly necessary and proportionate and shall fall under the specific requirements provided by law.

### ***Extraordinary Public Financial Support***

In cases of an exceptional systemic crisis, extraordinary public financial support may be provided, by virtue of a decision of the Minister of Finance, following a recommendation of the Systemic Stability Board and a consultation with the resolution authorities, through public financial stabilisation tools as a last resort and

only after having assessed and utilised, to the maximum extent, the other resolution tools, in order to avoid, through the direct intervention, the winding-up of the said institutions and in order for the resolution purposes to be accomplished. The public financial stabilisation tools are:

- (c) public capital support provided by the Ministry of Finance or by the HFSF following a decision by the Minister of Finance; and
- (d) temporary public ownership of the institution, i.e. the transfer of the shares of an institution to a transferee of the Greek State or a company which is fully owned and controlled by the Greek State.

The following conditions must be cumulatively met in order for the public financial stabilisation tools to be implemented:

- (a) the institution meets the conditions for resolution;
- (b) the shareholders, owners of other instruments of ownership, holders of relevant capital instruments and the holders of eligible liabilities have contributed, through conversion, write down or by any other means, to the absorption of losses and the recapitalisation by an amount equal to at least 8% of the total liabilities, including own funds of the institution under resolution, calculated at the time of the resolution action in accordance with the valuation conducted; and
- (c) prior and final approval by the European Commission regarding the EU state aid framework for the use of the chosen tool has been granted.

In addition to the above, for the provision of public financial support, one of the following conditions must be met:

- (a) the application of the resolution tools would not suffice to avoid a significant adverse effect on the financial stability;
- (b) the application of the resolution tools would not suffice to protect the public interest, where extraordinary liquidity assistance from the central bank has previously been given to the institution; and
- (c) in respect of the temporary public ownership tool, the application of the resolution tools would not suffice to protect the public interest, where public equity support through the equity support tool has previously been given to the institution.

By way of exception, extraordinary public financial support may be granted to a credit institution in the form of an injection of own funds or purchase of capital instruments without the involvement of resolution measures, under the following cumulative conditions:

- in order to remedy a serious disturbance in the economy of an EU Member State and preserve financial stability;
- to a solvent credit institution in order to address a capital shortfall identified in a stress test, assets quality reviews or equivalent exercises;
- at prices and on terms that do not confer an advantage upon the institution;
- on a precautionary and temporary basis;
- subject to final approval of the European Commission;

- not to be used to offset losses that the institution has incurred or is likely to incur in the near future;
- the credit institution has not infringed and there are no objective elements to support that the credit institution will, in the near future, infringe its authorisation requirements in a way that would justify the withdrawal of its authorisation;
- the assets of the credit institution are not and there are no objective elements to support that the assets of the credit institution will, in the near future, be less than its liabilities;
- the credit institution is not and there are no objective elements to support that the credit institution will be unable to pay its debts or other liabilities when they fall due; and
- the circumstances for the exercise of the write down or conversion powers in respect of Additional Tier 1 and Tier 2 capital instruments of the institution do not apply.

### **Restrictions to the Free Movement of Capital**

Article 63 of the Treaty on the Functioning of the EU (TFEU) establishes the free movement of capital among the European Union member states. However, according to Article 65 of the TFEU, in exceptional circumstances, the member states may impose restrictions to such freedom in order to, among other things, "*...take measures which are justified on grounds of public policy or public security*".

Within the context of such exception and for the protection of the public interest, namely, the systemic stability of the Greek banking system, a legislative act dated 28 June 2015 introduced a short term bank holiday and imposed capital controls applying to all credit institutions operating in Greece under any form, including branches of foreign credit institutions falling within the scope of Greek Law 4261/2014 (the **Greek Banking Law**), the Consignment Deposits and Loans Fund, the payment institutions of Greek Law 3862/2010, the electronic money institutions of Greek Law 4021/2011, as well as the branches and agents of payment institutions and electronic money institutions which have their registered seats abroad and operate lawfully in Greece (hereinafter the **Institutions**).

The short term bank holiday period ended on July 20, 2015, but the capital controls on banking activities remain in force, although they have been amended several times since then and they have been partially lifted.

The main provisions of the capital controls legislation can be summarised, as follows:

- Withdrawals of cash from banks or automatic teller machines (**ATMs**) from Institutions in Greece and abroad exceeding the sum of four hundred and twenty (420) euro per depositor, per week and per credit institution are not allowed;
- The above prohibition on withdrawal of cash applies also in any other payment of cash by the Institutions, irrespective of currency, including, among others, the collection of checks and the payments on the basis of letters of guarantee, which are deposited in a bank account for which withdrawal limitations apply. Moreover, withdrawals of cash by using credit and prepaid cards in Greece and abroad are prohibited;
- The transfer of capital or cash abroad, in any way, is prohibited, including the instruction to transfer funds to bank accounts kept with credit institutions seated and operating abroad, as well as the transfer of funds by using credit, prepaid and debit cards for cross border payments. The following are exceptionally allowed:
  - The acceptance and execution, by credit institutions, of orders for capital transfers abroad shall be specifically allowed up to an amount of €500 per depositor (Customer ID) per

calendar month and up to an aggregate monthly ceiling for all the credit institutions, to be determined and allocated among credit institutions by decision of the Committee for the Approval of Banking Transactions; and

- The acceptance and execution of orders for capital transfers abroad by the payment institutions supervised by the Bank of Greece, including their agents, as well as by payment institutions of other EU member states that legally provide money remittance services through their agents in Greece or through Hellenic Post S.A., shall be allowed up to an amount of €500 per natural person/transferor per calendar month and up to an aggregate monthly ceiling in euro for all the above Payment Service Providers, to be determined and allocated among Payment Service Providers by decision of the Committee for the Approval of Banking Transactions. The ceiling per Payment Service Provider, for which the exact method of calculation shall be specified by decision of the Committee for the Approval of Banking Transactions, shall be determined on the basis of the monthly net balance between the incoming (to Greece) and the outgoing (abroad) remittances processed by the Payment Service Provider.
- By way of derogation from the above, the use of credit and debit cards abroad shall be permitted for cashless purchases of goods or services up to a maximum amount specified per credit institution by the Committee for the Approval of Banking Transactions;
- The opening of new checking or savings accounts, the addition of co-beneficiaries to existing accounts and the activation of inactive accounts is prohibited. The opening of accounts is allowed exclusively for the following transactions, the necessity of which must be documented in writing and provided that there is no other available account through which such transactions may be effected:
  - The payment of staff payroll, including the issuance and redemption of labour tickets ("*ergosimo*" vouchers);
  - The payment of obligations of the depositor to the same credit institution, deriving from agreements entered into prior to 28 June 2015;
  - Payment of new pensions and new welfare allowances;
  - Settlement of card transactions by new acceptance agreements (acquiring);
  - Servicing of newly founded (after 1 May 2015) legal entities, as well as by sole proprietors and independent professionals commencing activity after 1 May 2015;
  - Servicing startups participating in programs for the support of youth entrepreneurship;
  - Depositing cash as security (cash collateral) for a letter of guarantee, letter of credit or loan with the same credit institution;
  - The opening of an account in favour of a third party for the purposes either of conforming to an order for the enforcement of a monetary claim, on the basis of a payment order, court ruling or other enforceable instrument or the payment of a claim, for which an attachment at the hands of a third party has been imposed, in favour of the beneficiary of the claim, unless he has declared a deposit account by means of any procedural act;
  - The crediting of amounts from abroad in euro or foreign currency, of an amount of at least ten thousand (10,000) euro or the equivalent in foreign currency;

- The acceptance of a term deposit only in the case that its beneficiaries are the same as those of the feeding savings or check account;
  - Any other case, further to approval by the Committee for the Approval of Banking Transactions;
  - The opening of a "special purpose" account, without a right for cash withdrawals, by an individual for the purpose of servicing the settlement of debts towards social security institutions and the Greek state, as well as the opening of an account by social security institutions for the exclusive purpose of collecting social security contributions and other outstanding debts;
  - The opening of a checking or deposit account or the addition of co-beneficiaries to an existing account shall be allowed in the case where the prospective account holders are first-time students in academic year 2015-2016 and the place of their studies is different from that of their hitherto residence, provided that they are not already beneficiaries or co-beneficiaries of another account. Student status shall be demonstrated by a certificate of enrolment in a higher education institution (university or technological institute), college, centre of liberal studies, post-secondary education institute or vocational school. Similarly, the opening of a checking or deposit account shall be allowed in the case of students who will participate in ERASMUS exchange programs in academic year 2015-2016 and the existence of an account is a condition for the payment of the relevant tuition fees and provided that they do not already own an account. Participation in such programs shall be demonstrated by a certificate from the relevant school;
  - The opening of a checking or deposit account in the name of a conscript drafted to serve his military duty after 18 July 2015, provided that there is no other account available in his name. For opening an account, it is necessary to produce, in addition to the other supporting documents required by the legislation in force, the draft notice from the conscription service;
  - The opening of a checking account in the name of, and for the purpose of fundraising in favour of, specifically identified individuals suffering from incurable diseases. For opening an account under the preceding sentence, it shall be necessary to produce the decision of the Minister of Health and Welfare approving the fundraising in question and specifying the beneficiaries; and
  - The opening of an account in the context of fundraising for a general charitable purpose or the implementation of a public benefit project. For the opening of such an account, it is necessary to produce the decision of the Minister of Labor, Social Security and Social Solidarity approving the fundraising, specifying the beneficiaries of the account and regulating all matters concerning the management of such account, subject to the operating framework of institutions and the restrictions provided for under the legislative act dated 18 July 2015, as amended and in force.
- Exceptionally the opening of exclusively one account, without the right of cash withdrawal, shall be allowed for the purpose of servicing a loan obtained, prior to or after the termination of the bank holiday, from the credit institution at which the account is being opened, even if the prospective account holder already has a bank account at another credit institution;
  - The partial or total prepayment of a loan from a credit institution is prohibited, with the exception of repayment in cash or a wire transfer from abroad and repayment through the granting of a new loan the purpose of which is the restructuring, provided that the amount of the new loan is at least equal to the amount of the unpaid capital of the initial loan;

- The premature partial or total termination of term deposits is prohibited. Exceptionally, the premature partial termination of term deposits is allowed exclusively for the repayment of an equal amount of:
  - Debts to the State and the social security institutions;
  - Current instalment and overdue payments under a loan to the same credit institution;
  - Payment of payroll to the same credit institution;
  - Payment of hospital bills and tuition in Greece and abroad; and
  - Payment of suppliers maintaining an account with the same or another credit institution, against invoices or equivalent documentation, provided that there is no sufficient balance in a savings or check account in any checking or savings account maintained with any credit institution, as evidenced by a relevant solemn declaration submitted by the beneficiary of the term deposit.
- Exceptionally, early partial redemption of a time deposit up to a ceiling of euro 1,800 per calendar month and the transfer of such amount to an existing savings or checking account of the time deposit holder shall be allowed for the purpose of covering living expenses, provided that there are not sufficient funds in a savings or checking account at any credit institution, as evidenced by a solemn declaration submitted by the time deposit holder to the credit institution;
- Exceptionally, early partial redemption of a time deposit for the purchase of real property up to the amount stated in the deed of property sale and the related documentation, plus notarial fees and other fees and charges, and the transfer of such amount to an existing savings or sight account of the seller and, as appropriate, of the notary public, the lawyer and the Greek State, shall be allowed, provided that the request for such early redemption of the time deposit is accompanied by a solemn declaration of the purchaser/time deposit holder to the effect that (a) the relevant amount shall be used exclusively for such purposes and there are no sufficient funds in a savings or checking account of the purchaser; and (b) the purchaser/time deposit holder shall provide the credit institution with the property sale deed, as well as the related documentation evidencing the fees and charges required for its execution, not later than one month after such early redemption of the time deposit. Any necessary details regarding the procedure to be followed and more specific modalities of the implementation of this provision may be specified by decision of the Committee for the Approval of Banking Transactions;
- In case of an attachment of a monetary claim at the hands of a credit institution, the Bank of Greece or the Consignment Deposits and Loans Fund as a third party, the payment of the amount of the claim in cash is not allowed. The sum is either paid by way of the issuance of a check or obligatorily credited with a bank account of the attaching party kept with the same or another credit institution;
- Entering into agreements for the acceptance of payment card transactions is prohibited if such transactions are cleared by crediting an merchant's account held with an electronic money institution outside Greece; and
- The transfer of custody abroad for financial instruments referred to in article 5 of Greek law 3606/2007 is prohibited.

The following transactions are exempt from the above restrictions and prohibitions:

- Transactions of the Hellenic Republic;



- Transactions of the Bank of Greece;
- Specific transactions, the conduct of which is approved by way of decision of the Committee for the Approval of Banking Transactions;
- Cross border payment instructions that exclusively pertain to the crediting of an account kept with an institution operating in Greece;
- Capital transfer transactions pertaining to the management of liquidity of a credit institution operating in Greece and to payment obligations in the framework of contract management such as indicatively, transactions with other local and foreign financial institutions, foreign clearing houses in the context of the credit institution's own portfolio management and which concern:
  - Monetary policy operations;
  - Settlement and clearing of transactions entered into force before 28 June 2015;
  - Charge/release of collateral, capital transfers to meet margin calls/collateral substitution (e.g. under ISDA, CSA, GMRA, CLS, Escrow, EIB etc.), provision of collateral, payments in the context of transactions governed by the above contracts and/or borrowing agreements of the credit institution on its own account;
  - Rollover, renewal and management of financial positions (indicatively, currency and derivative positions, other interbank transactions, etc.) having reached maturity and whose renewal is deemed necessary, either in part or in whole, with the same or a different counterparty;
  - Entry into and settlement of new interbank transactions (including but not limited to interbank lending, transactions in derivatives, FX spot, repo, buy/sellback and securities lending operations, etc.) or early termination or modification of the terms thereof, provided that such transactions do not lead to a material change in the total liquidity of the credit institution. Interbank transactions are understood to include transactions and payments carried out with domestic and foreign credit institutions, foreign clearing houses and subsidiaries of credit institutions operating in Greece;
  - Any other interbank transaction deemed necessary for managing the credit institution's liquidity and financial and foreign exchange position (including but not limited to currency and derivative positions, etc.) arising from the execution of permitted transactions with individuals or legal entities;
  - In general, fulfilment of obligations for taxes and levies, as well as commission fees and charges arising from transactions of a credit institution, investment firm, UCITS and their customers *vis-à-vis* exchanges, payment and securities settlement systems, depositories, clearing houses, rating agencies, custodians, correspondents/intermediaries, transaction registries, payment agents, regulated markets or other multilateral trading facilities (MTFs);
  - Execution of payments relating to securities and asset-backed securities issued directly or indirectly by the credit institution or its subsidiaries, including but not limited to:
    - Coupon payments, etc.;
    - Payment of invoices of third parties (fees and costs of lawyers, managers, trustees, paying agents, etc.);

- Full or partial repayment of principal under contractual obligations or following the triggering of contractual clauses;
- Payment of consultancy fees to external advisors on matters related to the transactions under points (i) through (viii) hereinabove; and
- Debit/credit entries in nostro/vostro accounts of subsidiaries and third-party credit institutions, via orders-messages, irrespective of currency.

The transactions that fall within the above scope, insofar as their purpose is to ensure the smooth and orderly functioning of the credit institution may be executed without the need for special notification, provided that such transactions do not lead to a material change in the credit institution's liquidity. In the context of the above, the conduct of transactions concerning the customers of credit institutions is not allowed. Any transactions within the scope of this paragraph shall be communicated to the Committee for the Approval of Banking Transactions.

- All monetary sums transferred from abroad by way of transfer of credit to accounts kept with a credit institution operating in Greece, if these are transferred anew, in part or in whole, to an account kept with a credit institution operating abroad. The relevant evidencing of the transaction of inflow of capital from abroad and outflow of capital abroad shall be the responsibility of the credit institution and must be complete. The management of the credit institutions shall announce the manner and time of implementation of the provisions of this paragraph. This case also includes the transfer of funds abroad by an institution, for the purchase of foreign financial instruments, within the meaning of Article 5 of Law 3606/2007, as currently in force, provided that the originating bank account, held by the transferor on his/her own behalf or by the investment service provider as a client account at an institution, has been credited after the launch of the bank holiday of 28 June 2015, with funds from a foreign remittance, including cases of credit transfers as a result of a sale, buyback or redemption of foreign financial instruments or cash flows in respect of such financial instruments. Further to the above, it is permitted to withdraw cash, up to a percentage of 10%, from amounts which are transferred abroad after 18 July 2015 by means of a credit transfer to existing accounts held with a credit institution in Greece, through a procedure determined by the Committee for the Approval of Banking Transactions;
- Remittance or transfer of credit by a Greek public or private law educational organisation or technological institute or research university institute within the meaning of Greek Law 4310/2014 to an account kept with a credit institution seated and operating abroad, of a sum exclusively deriving from remittance or transfer of credit from abroad, which was carried out within the year 2015 exclusively to serve educational or research purposes. In order to carry out such transactions the credit institutions shall proceed with the opening of special accounts for this purpose and the amounts to be transferred will be credited exclusively to such accounts;
- Payments of payroll abroad for employees in diplomatic missions, permanent missions or other services of the Greek State, by way of transfer of credit of an amount equal to the payroll to an account kept with a credit institution operating outside Greece. Employees in diplomatic missions, permanent missions or other services of the Greek State abroad, which maintain payroll accounts with a credit institution seated and operating in Greece, are allowed to transfer an amount equal to the payroll abroad, documenting their capacity in writing;
- Payment abroad of pensions and welfare allowances of any nature by social security organisations governed by Greek law, by crediting an account held at a credit institution having its seat and operating outside Greece, provided that the beneficiary of such pension or welfare allowance used to receive his pension or welfare allowance in the aforementioned manner before the commencement of the bank holiday that was declared by the legislative act dated 28 June 2015;

- The withdrawal of cash without an amount limitation by one, per beneficiary, bank account to the embassies and the members of the diplomatic missions in Greece by exhibiting a relevant written certificate by the relevant embassy or the diplomatic passport;
- The payment of cash by the payment institutions supervised by the Bank of Greece, including their agents, as well as by the payment institutions of other EU Member States that provide legally money remittance services through their agents in Greece or through Hellenic Post S.A., to beneficiaries of remittances from abroad shall be allowed, provided that the payment institution: (i) has physically imported an at least equal amount from abroad, after the entry into force of the relevant legislation, and has reported such import to the Bank of Greece or (ii) has received an at least equal amount in cash from its customers/originators of remittances abroad, up to a limit of euro 1,800 per customer-beneficiary of remittance per calendar month;
- The payment of hospital bills and medical expenses and tuition, upon submission of the necessary documentation to the credit institution via which the transaction is conducted, proving that the relevant preconditions are in place. The payment of the expenses in question is obligatorily conducted electronically through the credit institution, to an account kept abroad for the crediting of such amounts and not to an account of the beneficiary;
- The cash withdrawal from a bank account and the cash transfer abroad of a maximum lump sum of two thousand (2,000) euro or the equivalent in foreign currency for one escort of an individual who is travelling abroad for hospital treatment, provided that the purpose of travelling abroad for treatment is evidenced in writing;
- The transfer of a maximum sum of five thousand (5,000) euro or the equivalent in foreign currency, per calendar trimester, in total for residence and living expenses of students studying abroad or participating in student exchange programs. The payment is obligatorily made electronically via a credit institution, to an account kept abroad with the student as beneficiary. However, in cases where the above funds are directly credited to an account held by a student residence or a lessor of residential property for a student, upon submission of a lease contract or other relevant supporting document, then the transfer of an amount of up to €8,000 or the equivalent in foreign currency shall be allowed per calendar quarter;
- Funds brought into the country by international organisations and lawfully established and operating charity institutions, where such amounts have been raised specifically for humanitarian purposes;
- Transactions of legal entities or professionals involving a transfer of funds abroad, in the context of their business activities, in an amount not in excess of €5,000 each, per customer, per day, following the submission of the relevant invoices and other evidence and documentation, compulsorily accompanied by a solemn declaration to the effect that the above documents are genuine and have not been submitted to any other credit institution. These transactions shall be processed directly by the branch networks of credit institutions, by crediting the counterparty's account, and shall be subject to the ceiling determined by the Committee for the Approval of Banking Transactions for each credit institution;
- Transactions of individuals warranted by important health-related reasons or extraordinary social reasons, involving payments abroad or cash withdrawals, against submission to the credit institution of the required documentation proving that the relevant conditions are met accompanied by a statutory declaration to the effect that the above documents are genuine and have not been submitted to any other credit institution. An aggregate monthly ceiling of € 2,000 per individual (in a single or several transactions) shall apply for all credit institutions operating in Greece. These transactions shall be processed directly by the branch networks of credit institutions;

- In connection with the transactions referred to in the two bullets immediately preceding this paragraph, credit institutions shall transmit to the Committee for the Approval of Banking Transactions, not later than the last business day of every week, detailed lists of the capital transfers abroad that they have executed during the week ending that day. As a minimum, these lists shall include the following information: date of submission of the request, name of customer/transferor, amount, currency, name of supplier/transferee, kind of transaction, cause of import and imported product (where applicable), type of billing document (invoice, pro forma invoice, cash on delivery/COD, etc.), due date of invoice, date of execution of the fund transfer order;
- Cash withdrawals by Dioceses up to the amount of €10,000 per month, from only one credit institution and from only one account for each Diocese, against submission of a solemn declaration by their legal representative to the effect that they have not made any other withdrawal during the current month from any other account at the same or another credit institution. These transactions shall be processed directly by the branch networks of credit institutions; and
- Cash withdrawals by the Archdiocese of Athens up to the amount of €20,000 per month, from only one credit institution and from only one account, against submission of a solemn declaration by their legal representative to the effect that the Archdiocese of Athens has not made any other withdrawal during the current month from any other account at the same or another credit institution.

These transactions shall be processed directly by the branch networks of credit institutions. Liability for the correct implementation of the approval procedure by the branch networks of credit institutions shall lie with the credit institution's management, which must ensure to lay down the appropriate procedures to safeguard the lawful conduct of transactions directly through their network.

As regards transactions in the Greek Capital Markets, the following apply, namely a transfer of funds from a credit institution is allowed in the following circumstances:

- With respect to capital transfers in Greece, including capital transfers through the respective clearing and settlement systems:
  - (a) for the clearing, including margin management, and settlement up to the end beneficiary, of transactions in financial instruments under Article 5 of Greek Law 3606/2007, which are traded in Regulated Markets and Multilateral Trading Facilities (hereinafter MTFs) in Greece (hereinafter referred to as **Financial Instruments**), including any expenses and fees in respect of such transactions;
  - (b) for the fulfilment of obligations concerning money payments and generally cash distributions from issuers to holders of financial instruments under Article 5 of Greek Law 3606/2007, by way of indication due to their expected maturity, corporate or similar actions (payments of interest, dividends and other relevant forms of income);
  - (c) for the performance of standing orders existing at the commencement of the bank holiday on 28 June 2015 for capital transfers from deposit accounts to Undertakings for Collective Investments in Transferable Securities (UCITS) of Greek law 4099/2012, as in force, or to Alternative Investment Funds (**AIFs**) of Greek law 4209/2013 that are managed by AIF Managers (**AIFMs**) within the meaning of Greek law 4209/2013 or to unit-linked mutual funds within the context of saving-investment programmes/accounts;
  - (d) for the acquisition of (i) newly issued Financial Instruments issued within the context of a capital increase or issuance of a bond loan and (ii) any kind of securities issued by credit institutions having their registered seat in Greece for the purpose of their recapitalisation; and

(e) for the acquisition of units of UCITS of Greek law 4099/2012, as in force, which are distributed in Greece, on the condition that capital deriving from new distributions of units of UCITS may not be transferred or invested abroad, without prejudice to the provisions of paragraph 3. The Hellenic Capital Market Commission, within the scope of its competence, shall monitor and inform the Bank of Greece at least on a weekly basis on the total value of the distributed units of UCITS, as well as on the amount of their investments in Greece and abroad.

- The product of clearing and settlement of transactions on Financial Instruments, as well as the amount of cash distributions referred to under (b) above, may be credited into a bank account up to the end beneficiary, even outside the Greek banking system, on condition that the clearing and settlement of the transactions entered into through an investment account were conducted through the said account before the entry into force of the bank holiday on June 28, 2015. If the relevant transactions are effected outside regulated markets or multilateral trading facilities (MTFs), the party requesting the transfer of funds and the settlement must produce complete documentation on the transaction to the Institution or the legal entity being responsible for the clearing and settlement by submitting, indicatively, the elements of the order or the settlement document in written or electronic form, including the settlement's elements and details, and/or other elements of the said transaction that demonstrate that such transaction has taken place. Bank accounts held in the Greek banking system means accounts registering entries from the Bank of Greece and the IBAN code of which begins with the letters "GR". The product of the clearing and settlement process may be credited into a bank account up to the end beneficiary even outside the Greek banking system also in the case of new investment accounts, provided that the funds for the purchase or opening of positions in derivatives originated from foreign bank accounts. Further to the above, if the credit of the clearing and settlement proceeds to bank accounts outside the Greek banking system is permitted, then capital transfers are also permitted for the acquisition of units of UCITS of Greek law 4099/2012.
- Fund transfers from Institutions are permitted, even if directed outside Greece, to enable reinvesting reserves in:
  - UCITS governed by Law 4099/2012, as applicable, authorised by the Hellenic Capital Market Commission, AIFs governed by Law 4209/2013 and managed by AIFMs, which have been authorised by the Hellenic Capital Market Commission;
  - Portfolio investment Sociétés Anonymes under Law 3371/2005;
  - Insurance undertakings under Legislative Decree 400/1970;
  - Professional insurance funds; and
  - Insurance organisations/social security funds placed in foreign Financial Instruments.

The said reinvestment shall be effected in financial instruments, in accordance with the investment policy as in force before the commencement of the bank holiday of 28 June 2015, its value will not exceed the value of the portfolio invested abroad at 31 July 2015, and it shall notably concern the reserves arising from sales of foreign financial instruments, the repayment of such financial instruments or distributions associated with such financial instruments.

- By way of derogation from the prohibition of early termination of terms deposits, the early partial or full repayment of term deposits of UCITS of Greek law 4099/2012, as in force, that have been authorised by the Hellenic Capital Market Commission, as well as by the Professional Insurance Funds of Greek law 3029/2002, as in force, is allowed for the purposes of fulfilling their obligations (a) towards unit holders or insured persons in accordance with the provisions of the relevant laws governing their operation, on the condition that there are not sufficient available funds in a savings

or current account of the obligors in any credit institution or (b) regarding the compliance with the investment limits, in accordance with the applicable legislation.

- The general prohibition of transferring custody of financial instruments abroad does not apply to transfers of financial instruments to a custodian outside Greece for the purposes of clearing and settlement of transactions on such financial instruments. If such transactions are performed outside regulated markets or MTFs, including the conclusion of a pledge agreement, the person applying for the transfer of financial instruments within the context of the settlement, must submit to the relevant custodian full evidence evidencing that the underlying transaction has taken place. In case of a pledge agreement, if the loan agreement has been concluded prior to the commencement of the bank holiday of 28 June 2015, the transfer of financial instruments to a custodian outside Greece is permitted with a view to fulfil the obligations stemming from the underlying relationship, provided that all necessary supporting documentation has been submitted to the relevant custodian. It is noted that for the needs of supervising the implementation of the above restrictions and in particular for the granting of permission where provided for by the relevant legislation on capital controls, the Committee for the Approval of Banking Transactions was established and is operating at the Bank of Greece. The above Committee is supported by special sub-committees operating at each credit institution.

Finally the breach of the above restrictions is punishable by imprisonment of at least three (3) months and a monetary penalty of up to one tenth of the sum of the respective transaction. In addition, the credit institution shall be obligated to terminate the employment or project agreement with the person responsible for the breach.

### **The HFSF**

The HFSF is a private law entity with the purpose of maintaining the stability of the Greek banking system by supporting the capital adequacy of both Greek credit institutions and subsidiaries of foreign credit institutions lawfully operating in Greece and acting in compliance with the commitments of the Greek State under Greek Law 4046/2012, in relation to the Second Economic Adjustment Programme, as updated from time to time, and under the Agreement for Fiscal Targets and Structural Reforms dated 19 August 2015, a draft of which was ratified by Greek Law 4336/2015, as updated from time to time. The liquidity support provided under Greek Law 3723/2008 or under the operating framework of the Eurosystem and the Bank of Greece does not fall under the scope of the HFSF. The HFSF pursues its purpose based on a strategy agreed between the Ministry of Finance, the Bank of Greece and itself.

The HFSF was established by virtue of Greek Law 3864/2010 which was repeatedly amended, among others by virtue of Law 4254/2014 and recently by Greek Law 4340/2015, which among other things, extended the HFSF's initial duration, which was set to expire on 30 June 2017, to 30 June 2020. The Minister of Finance can decide to extend the HFSF's duration if this would be deemed necessary for fulfilling the purpose of the HFSF. Greek Law 3864/2010 was further amended by virtue of Greek Law 4346/2015 passed by the Hellenic Parliament on 19 November 2015, which was published in the Government Gazette on 20 November 2015 (Gov. Gazette A, Issue 152/2015, Law 4346/2015).

### **Capital**

The HFSF's capital consists of funds that were raised within the context of EU's and IMF's support mechanism for Greece by virtue of Greek Law 3845/2010. It was gradually paid up by the Hellenic Republic and is evidenced by instruments which are not transferable until the expiry of the term of the HFSF. The HFSF's capital is provided from (a) funds drawn under the support mechanism for Greece set up by the EU and the IMF by virtue of Law 3845/2010 and the Master Financial Assistance Facility dated 15 March 2012 and (b) from funds drawn under the Financial Assistance Facility dated 19 August 2015, as in force from time to time, and are paid to the HFSF by the Hellenic Republic.

The Minister of Finance may request the return of capital from the HFSF to the Hellenic Republic. Before the expiry of the HFSF's term or the initiation of a liquidation process, the Minister of Finance decides jointly with the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM), the entity to and the manner by which the capital and assets and liabilities of HFSF will be transferred due to its expiration or liquidation. The above transfer will be to an entity independent of the Hellenic Republic and will take place in a manner that ensures that the financial and legal position of the EFSF and ESM will not be deteriorated for that reason. If, at the expiry of the HFSF's term, the HFSF has no obligation towards the EFSF and the ESM, and holds no assets over which the former have a security interest or other rights, the assets of the HFSF following completion of its liquidation process, will be transferred to the Hellenic Republic by operation of law. In case of liquidation of a credit institution, the HFSF, in its capacity as a shareholder of such credit institution, is satisfied preferentially towards any other shareholders together with the Hellenic Republic as holder of the Preference Shares of Greek Law 3723/2008 (**Hellenic Republic Bank Support Plan**).

## **Organisation**

The HFSF is managed by a nine-member General Council and a three-member Executive Committee. The General Council consists of seven (7) members (including the Chairman of the General Council), having international experience in banking issues, one (1) member being representative of the Ministry of Finance and one (1) member appointed by the Bank of Greece. The three-member Executive Committee consists of two (2) members, including the Managing Director, having international experience in banking or issues regarding the recovery of credit institutions and one (1) member nominated by the Bank of Greece. One (1) member of the Executive Committee is appointed as responsible for the support of the HFSF's role in facilitating the management of NPLs of the credit institution in which the HFSF has a holding. The members of the General Council and the Executive Committee are selected by a Selection Committee, established by a decision of the Minister of Finance according to Article 4A of Law 3864/2010 following a public invitation for expression of interest and are appointed by a decision of the Minister of Finance for a period not exceeding the HFSF's duration. The Selection Committee consists of six (6) independent renown experts of integrity, from which three (3), including the Chairman, are appointed by the European Commission, the European Central Bank and the ESM respectively, two (2) by the Minister of Finance and one (1) by the Bank of Greece. The above five institutions have an observer in the Selection Committee, the term of which is set at two (2) years with a possibility of renewal. Representatives of the European Commission as well as of the ECB and the ESM may also participate in the Executive Committee as observers. The Euro Working Group's prior consent is required for the appointment of the members of the General Council and the Executive Committee, as well as the renewal of their term of office and remuneration, excluding the appointment of the Ministry of Finance representative in the General Council and the member appointed by the Bank of Greece. The members of both the aforementioned bodies must be persons of an impeccable reputation, not engaged in activities set out in article 4, paragraph 6 of Greek Law 3864/2010, as in force, and not engaged in activities incompatible with their participation in the said bodies, set out in article 4, paragraph 7 of Greek Law 3864/2010, as in force, while their appointment may be terminated prior to its expiry by a decision of the Minister of Finance if (a) they are rendered non-eligible due to occurrence of events provided in paragraphs 6 and 7 of Article 4 of Law 3864/2010, or (b) following a reasoned decision of the Selection Committee for the reasons and by the process described in Article 4A of Greek Law 3864/2010.

The General Council convenes at least ten (10) times per year and the Executive Committee at least once a week. In the meetings of the General Council and the Executive Committee, one (1) representative of the European Commission and one (1) of the ECB or their substitutes can also participate as observers without voting rights. Quorum is established in the General Council when at least five (5) members are present and in the Executive Committee when at least two (2) members are present. Each member of the General Council is entitled to one (1) vote. In case of a tied vote, the vote of the chairman is decisive. The General Council decides by majority of the present members, unless otherwise provided for by Greek Law 3864/2010. Accordingly, each member of the Executive Committee is entitled to one (1) vote and, unless

otherwise provided for by Greek Law 3864/2010, the Executive Committee decides by majority of two (2) of the present members. Accordingly, each member of the Executive Committee is entitled to one (1) vote and, unless otherwise provided for by Greek Law 3864/2010, the Executive Committee decides by majority of two (2) of the present members.

The members of the General Council and the Executive Committee, except for the representative of the Ministry of Finance, operate independently in the exercise of their powers and do not seek for or receive mandates from the Greek government or other governmental entity or financial institution supervised by the Bank of Greece and they are not subject to any influence whatsoever. The General Council provides information, at least twice a year and in any other case deemed necessary, to the Minister of Finance, the Greek Parliament, the European Commission, the ESM and the ECB regarding the progress of its mission. The General Council informs, via prospectuses issued every two months, the Minister of Finance who may request to be further informed by the Chairman or the Managing Director. The HFSF publishes an annual report on its operational strategy and a semi-annual report of progress on the above strategy, as of March and June 2016, respectively.

The meetings of the Executive Committee are confidential.

## **Provision of Capital Support by the HFSF**

### ***Activation of Capital Support***

Activation of the capital support provision for precautionary recapitalisation: According to the provisions of Greek Law 3864/2010, a credit institution, with a capital shortfall, as such has been determined by the competent authority according to Law 4335/2015 (ECB or Bank of Greece, as the case may be) may apply to the HFSF for capital support up to the amount of the capital shortfall determined by the competent authority.

This request by the credit institution must necessarily be accompanied by:

- A letter by the competent authority which determines the capital shortfall, the deadline by which the credit institution must have covered the above shortfall and the capital raising plan as it has been submitted to the competent authority.
- In respect of credit institutions with a restructuring plan that has been approved by the European Commission at the time of submission of the above request, the request is accompanied by a draft amendment of the already approved restructuring plan.
- In respect of credit institutions without a restructuring plan that has been approved by the European Commission at the time of submission of the above request, the request is accompanied by a draft restructuring plan.

The restructuring plan or the draft restructuring plan must describe on conservative assumptions, the means by which the credit institution's profitability will be satisfactorily restored within the following three (3) to five (5) years.

The HFSF may request from the credit institution amendments or additions to the draft restructuring plan or the draft of the restructuring plan under amendment. Following approval of the HFSF of the draft restructuring plan or the draft of the restructuring plan under amendment, the latter is forwarded to the Minister of Finance and is submitted to the European Commission for approval.

For the pursuit of its goals and the exercise of its rights the HFSF determines the outline of a framework agreement or an amended framework agreement with all credit institutions which receive or have received financial support by the EFSF or the ESM. The credit institutions enter into the aforementioned framework agreement. The credit institutions provide the HFSF with all the information reasonably requested by the



EFSF or the ESM so that the HFSF may relay it to the EFSF or the ESM, unless the HFSF informs the credit institutions that they must send the requested information directly to the EFSF or the ESM.

The HFSF may grant to credit institutions that have submitted a capital support request, a letter by which it undertakes to participate in the said credit institution's share capital increase provided that the procedure of Article 6a is applied and in accordance with the provisions of Article 7 of Greek Law 3864/2010 on the provision of capital support, up to the amount of the capital shortfall determined by the competent authority and under the condition that the credit institution falls within the exception of sub-point (cc) of point (d) of paragraph 3 of article 32 of Greek Law 4335/2015 (precautionary recapitalisation), according to which the extraordinary public financial support being provided is required in order to remedy a serious disturbance in the national economy and to preserve financial stability. The HFSF provides the letter before the fulfilment of the conditions for the provision of the capital support set out in Article 6a of Law 3864/2010. The above-mentioned commitment of the HFSF ceases to be valid in case, for any reason whatsoever, the license of the credit institution is revoked or one of the resolution measures provided in paragraph 1 of Article 37 of Law 4335/2015 has been taken.

The capital support is provided by the HFSF only following the approval by the European Commission of the restructuring plan or the amended restructuring plan always in compliance with the EU's legislation regarding state aid and the relevant practices followed by the European Commission. Following the finalisation of the terms and conditions of the share capital increase, the provision of the requested capital support is subject to the compliance with the EU's legislation regarding state aid and the relevant practices followed by the European Commission and following the publication of the Cabinet Act (see below) provided for in Article 6a of Law 3864/2010. The HFSF monitors and evaluates the proper implementation of the restructuring plan and must further provide to the Ministry of Finance any necessary information and data, in order to meet its information requirements towards the European Commission.

#### ***Conditions for the Provision of Capital Support for the purpose of Precautionary Recapitalisation***

If the voluntary measures that are provided in the restructuring plan or the amended restructuring plan cannot cover the total capital shortfall of the credit institution, as such has been determined by the competent authority, and in order to avoid a serious disturbance in the economy with negative consequences affecting citizens and in order for the state aid to be as minimal as possible, the mandatory application of the following measures may be decided by virtue of a Cabinet Act, following a proposal by the Bank of Greece, for the purpose of allocating the remainder of the capital shortfall to the holders of capital instruments and other liabilities, as deemed each time necessary.

The relevant measures include:

- (a) The absorption of any losses by the shareholders so that the credit institution's net asset value is zero, where necessary by the reduction of the nominal value of the shares, following a decision by the competent body of the credit institution.
- (b) The reduction of the nominal value of preference shares and other Common Equity Tier 1 instruments, and following this, if necessary, of the nominal value of Additional Tier 1 instruments and following this, if necessary, of the nominal value of Tier 2 instruments and other subordinated liabilities and, following this, if necessary, of the nominal value of unsecured senior liabilities non preferred by mandatory provisions of law in order to restore the credit institution's net asset value to zero; or
- (c) In case the credit institution's net asset value exceeds zero, the conversion of other Common Equity Tier 1 instruments and following this, if necessary, of Additional Tier 1 instruments and following this, if necessary, of Tier 2 instruments and following this, if necessary, other subordinated liabilities and following this, if necessary, unsecured senior liabilities non preferred by mandatory provisions

of law, into common shares in order to restore the necessary capital adequacy ratio, as required by the competent authority.

The allocation is completed by the publication of the relevant Cabinet Act at the Government Gazette. Without prejudice to the above, the allocation is made according to the following sequence, which applies according to the CRR and Article 145A(1) of the Banking Law:

- (a) Common shares;
- (b) If necessary, preference shares and other CET 1 instruments;
- (c) If necessary, Additional Tier 1 instruments;
- (d) If necessary, Tier 2 instruments;
- (e) If necessary, all other subordinated liabilities; and
- (f) If necessary, unsecured senior liabilities non-preferred by mandatory provisions of law.

In case of conversion of the preference shares issued according to Article 1 of Greek Law 3723/2008, into common shares, the latter have full voting rights. The ownership of such common shares passes to the HFSF as of their conversion without the need for any formalities.

Any liabilities undertaken by the credit institution through guarantees granted in relation to the issue of capital instruments or liabilities of third legal entities included in its consolidated financial statements, as well as any claims against the credit institution from loan agreements between the credit institution and the above legal entities may also be subjected to the above measures.

The above Cabinet Act, following a proposal by the Bank of Greece, determines the instruments or liabilities subject to the above measures, by class, type, percentage and amount of participation, on the basis, if necessary, of a valuation by an independent valuator appointed by the Bank of Greece. The above instruments or liabilities are converted mandatorily to capital instruments in the context of a share capital increase decided by the credit institution according to Article 7 of Law 3864/2010.

Exceptionally and provided there is a prior positive decision of the European Commission according to Articles 107 to 109 of the TFEU, the above measures may not be used either in their entirety or in relation to specific instruments, if the Ministerial Cabinet decides, following a proposal of the Bank of Greece that:

- (a) Such measures may jeopardise financial stability; or
- (b) The application of such measures may have disproportionate results, as in case the capital support to be provided by the HFSF is small in comparison with the credit institution's risk weighted assets or when a significant part of the capital shortfall has been covered by private sector measures.

The final appraisal of the above exceptions belongs to the European Commission, which will decide on a case by case basis. On the basis of the above reasons under (a) and (b) deviations may apply to the above sequence of liabilities and the principle of equal treatment.

The above measures are deemed, for the purposes of the recapitalisation, as reorganisation measures as per the definition of Article 3 of Greek Law 3458/2006.

The application of the measures, voluntary or mandatory, may not in any case (a) constitute grounds for the activation of contractual clauses which apply in cases of winding-up or insolvency or the occurrence of any other event, which may be considered or treated as a credit event or may lead to the breach of contractual

obligations by the credit institution, and (b) be considered as non fulfilment or breach of contractual obligations of the credit institution that gives the counterparty a right of early termination or cancellation of the agreement for a material reason. The above applies also in the case of insolvency or an event of default *vis-à-vis* third parties by a group member when this is due to the application of the measures on its claims against another member of the same group.

Contractual clauses contrary to the above have no legal effect.

The holders of capital instruments or other claims, including unsecured senior liabilities non preferred by mandatory provisions of law of the credit institution that is subject to the above recapitalisation measures must not, following application of such measures, be in a worse financial position compared to the one they would be in if the credit institution had been wound up under normal insolvency proceedings (no creditor worse off principle). If the above principle is breached, the above holders of capital instruments and other claims, including unsecured common liabilities non-preferred by mandatory provisions of law have a right to compensation by the Hellenic Republic, provided they prove that their loss, directly due to the application of the mandatory measures, is greater than the loss they would have incurred if the credit institution were placed under special liquidation. In any case, the compensation may not exceed the difference between the value of their claims following the application of the relevant measures and the value of their claims in case of special liquidation, as such value is estimated by an independent entity appointed by the Bank of Greece in order to determine whether shareholders and holders of subordinated claims would be in a better financial position if the credit institution were placed under special liquidation immediately before the application of the relevant decision.

The Cabinet Act which decides the application of the above mandatory measures is published in the Government Gazette and a summary thereof is published in the Official Journal of the European Union in Greek, in two daily newspapers published nationwide in the members states where the credit institutions has established a branch or where it provides directly banking and other mutually accepted financial services, in the official language of such state.

The summary will include the following:

- (a) The reason and legal basis for the issuance of the Cabinet Act;
- (b) The legal remedies available against the Cabinet Act and the deadlines for their exercise; and
- (c) The competent courts before which the above legal remedies against the Cabinet Act may be exercised.

Paragraph 11 of the above described Article 6a provides that the necessary details for the application of Article 6a of Law 3864/2010 regarding the application of the above mandatory measures, including the process for the appointment of the independent valuers, the content of the independent valuations and the proposal of the Bank of Greece, the valuation methods of the claims or the capital instruments being converted, the substitution option of the issuer of the instruments, the completion of the conversion as well as the details for any compensation of the instrument holders, are regulated by a Cabinet Act.

### ***Application of Public Financial Stability Measures***

If the Minister of Finance decides, according to paragraph 4 of Article 56 of Law 4335/2015, the application of the measure of public financial support, the HFSF is appointed as the authority that will apply Article 57 of Law 4335/2015 following a decision by the Minister of Finance. In this case, the HFSF participates in the recapitalisation of the credit institution and receives in exchange the instruments determined in the paragraph 1 of Article 57 of Law 4335/2015.

## Type of Capital Support

The HFSF provides capital support exclusively for the purpose of covering the credit institution's capital shortfall, as determined by the competent authority and up to the amount remaining after the application of the measures provided in the capital raising plan, any private sector participation, the approval of the restructuring plan by the European Commission and:

- (a) either the application of the mandatory measures of Article 6a of Law 3864/2010 described above, when the European Commission as part of its approval of the restructuring plan has confirmed that the credit institution falls within the exception of the sub-point (cc) of point (d) of paragraph 3 of Article 32 of Law 4335/2015, or
- (b) when the credit institution has been subjected to resolution and measures have been taken according to Article 2 of Law 4335/2015.

The relationship framework agreement between the HFSF and the credit institution must be duly signed before the capital support can be given. The capital support that may be granted by the HFSF shall be provided through the participation of the HFSF in the increase of the share capital of a credit institution by issuance of common voting shares or contingent convertible securities or other convertible financial instruments. According to Cabinet Act No. 36 of 2 November 2015, the allocation of the HFSF's participation between common shares and contingent convertible securities or other convertible financial instruments will take place as follows:

In cases where the HFSF provides the capital support of Article 7 of Law 3864/2010 according with the precautionary recapitalisation procedure, then the capital support is allocated by 25% to common shares and by 75% to contingent convertible bonds.

In cases where the HFSF provides the capital support of Article 7 of Law 3864/2010 according with Article 6B of Law 3864/2010, the capital support is allocated as follows:

- (a) to common shares up to the amount necessary to cover losses already incurred or likely to be incurred shortly in the future; and
- (b) for the remaining amount that would correspond to a precautionary recapitalisation, by 25% to common shares and by 75% to contingent convertible bonds.

The HFSF may exercise, dispose of or waive its pre-emptive rights in cases of share capital increase or of issuance of contingent convertible securities or other convertible financial instruments of the credit institutions that request the provision of capital support.

The credit institution's decision for the aforementioned share capital increase including the decision for the issue of contingent convertible securities or other convertible financial instruments is made by its general meeting under simple quorum and majority and it cannot be revoked. It can also be made by a resolution of the board of directors authorised by the general meeting in accordance with Article 13 of Greek Codified Law 2190/1920. In any event, the general meeting's decision for the share capital increase or the issuance of contingent convertible securities or other convertible financial instruments or the authorisation of the board of directors for the above, must expressly mention that it is made in the context of Greek Law 3864/2010. The said decision of the general meeting may, instead of the maximum number of shares, provide for the maximum amount of capital which shall be covered and provide the Board of Directors of the credit institution the power to decide, *inter alia*, the remaining amount following the implementation of the measures set out in article 6A, the exact number of shares and the allocation of shares. The deadline regarding the convocation of the general meeting which will decide the share capital increase for the issuance of the common shares, convertible securities or the other financial instruments is set out at ten (10) calendar days as provided under paragraph 2 of article 115 of Greek law 4335/2015. The deadline for the

convocation of any repeat and any iterative meetings thereof which will decide upon issues related to the recapitalisation of the credit institutions in accordance with Greek Law 3864/2010, as well as filing of documents with supervisory authorities and certain deadlines related to the holding of the general meeting of shareholders are shortened to one-third of the deadlines prescribed by Greek Codified Law 2190/1920, as in force.

The share capital increases are subscribed for by the HFSF in cash or ESM notes and the subscription price is the trading price as determined following a book building process completed by each credit institution. The HFSF accepts such price provided it has appointed and received an opinion from an independent financial advisor, who opines that the book building process complies with international best practices under the specific circumstances. New shares cannot be offered to the private sector at a price lower than the price at which the HFSF subscribes for shares at the same offering. The offer price may be lower than the prices at which the HFSF subscribed at previous subscriptions or than the current trading price. The above manner of determining the subscription price does not apply to the cases where the HFSF must cover the amount not subscribed by private participation in share capital increases of credit institutions falling within case (b) of paragraph 2 of article 6 or following application of Article 6b of Law 3864/2010.

A Cabinet Act, following evaluation by the competent authority of the compatibility with Article 31 of the CRR and the giving of an opinion by the HFSF, determines the terms on which the contingent convertible securities or other convertible instruments may be issued by credit institutions and be subscribed by the HFSF, the conversion terms of the above contingent convertible securities or other convertible financial instruments, their nominal value and any other necessary detail for the implementation of the relevant article. The Cabinet Act No. 36 of 2 November 2015 (Government Gazette 135/2.11.2015), was issued in accordance with the above. The transfer of the above shares and convertible financial instruments is subject to the approval of the competent authority.

## **Warrants**

According to Greek Law 3864/2010 as it was in force prior to its amendment by Greek Law 4340/2015, if a credit institution being recapitalised according to such law, achieved a Private Sector participation in its share capital increase of at least 10% the HFSF would issue to the investors that participated, for no additional charge, one Warrant for each new share acquired pursuant to Greek Law 3864/2010 and Cabinet Act 38/9.11.2012. The terms of issuance of the Warrants are governed by the Greek Law 3864/2010 and the Cabinet Act 38/2012, as in force. Each Warrant enables the holder thereof to purchase from the HFSF, at the exercise price and during the exercise period mentioned below, a predetermined number of ordinary shares of the credit institution held by the HFSF. Pursuant to Cabinet Act 38/9.11.2012 the exercise price and the pre-determined number of ordinary shares of the credit institution, held by the HFSF and deliverable under the Warrants, may be adjusted on the occurrence of certain corporate events. The HFSF informed the Bank that there would not be any adjustment to the Warrants as a result of the issuance of the New Shares (given the non-preemptive offering).

The Warrants are transferable securities within the meaning of case (e) of article 1, paragraph 3 of Greek Law 3371/2005 (A' 178), are issued in registered form, are listed following a relevant request of the credit institution and freely traded on the ATHEX simultaneously with the admission to trading of the new shares. There are no limitations regarding the transfer of the Warrants.

The holders of the Warrants do not have voting rights.

See also "*Description of Share Capital—Warrants*".

## Contingent Convertible Bonds

### General Terms

The contingent convertible bonds issued in accordance with Article 7 of Law 3864/2010 are governed by Greek law and may be issued in dematerialised form and be included, following an application of the HFSF, in the electronic files of non-listed securities maintained by ATHEX.

The contingent convertible bonds are issued following a decision by the General Meeting of Shareholders before or after the completion of a share capital increase according to Article 7 of Law 3864/2010. The bonds are transferred only with the consent of the credit institution, not to be unreasonably withheld and the consent of the supervisory authorities, according to Article 7 paragraph 5(c) of Law 3864/2010.

The bonds have a nominal value of one hundred thousand (100,000) euro each, are issued at par and are of indefinite duration without a fixed repayment date. They are direct, unsecured and subordinated investments in the credit institution and rank at all times *pari passu* with themselves. The bonds' terms do not contain expressly events of default and as a consequence all bondholders will be able to enforce the terms of the bonds only during the liquidation procedure.

In case a credit institution is placed under special liquidation they rank:

- (a) after all other claims (including those of subordinated creditors), including (indicatively) claims against the credit institution from liabilities recognised as Additional Tier 1 or Tier 2 Capital, but with the exception of Same Ranking Liabilities (the **Higher Ranking Liabilities**),
- (b) *pari passu* with the credit institution's common shares and any other claim, which is agreed to rank *pari passu* with the bonds (**Same Ranking Liabilities**).

During the special liquidation of the credit institution, the bondholders, prior to any conversion date, have a right over any remaining assets of the credit institution (available for distribution after repayment in full of all Higher Ranking Liabilities) for the nominal amount of their bonds plus any accrued and unpaid interest.

Subject to any mandatory provisions of law, the bondholders don't have any set-off right, security or guarantee that may upgrade the ranking of their claim during special liquidation.

### Conversion

If, at any time, the credit institution's Common Equity Tier I capital ratio, calculated on a consolidated or individual basis, is below 7% (**Activation Event**), the credit institution must:

- (a) convert the bonds by issuing to each bondholder Conversion Shares (as defined below), the number of which is determined by dividing 116% of the outstanding bonds' nominal value by the conversion price and further dividing by the percentage by which the bondholder participates in the total amount of the bond loan;
- (b) procure the publication of a conversion notification towards the bondholders, informing them, among other things, of the relevant conversion date, which may not be later than one month (or earlier if required by the supervising authorities), after which date the bonds will be converted; and
- (c) inform immediately the ECB, acting in the context of the SSM, of the occurrence of an Activation Event.

The above Act defines as Conversion Shares the common shares of the credit institution issued upon conversion of the bonds by dividing 116% of the specific nominal value by the price per common share of

the credit institution, as set at the share capital increase taking place in accordance with Article 7 of Law 3864/2010.

Following their conversion as per the above, the bonds will be cancelled and may not be reissued nor may their nominal value be restored for any reason. The terms and conditions of the bonds provide for readjustments to the conversion price on standard terms in case of specific corporate actions.

The bonds are converted automatically to common shares of the credit institution if for any reason the credit institution does not pay, in full or in part, the interest due on two, not necessarily consecutive, interest payment dates.

### ***Interest***

The bonds have an interest rate equal to (a) an annual rate of 8% (the **Initial Interest Rate**) from the issue date and up to the 7th anniversary of the issue date and (b) following this, if not repaid, the current Adjusted Interest Rate. The Adjusted Interest Rate is defined as the sum of: (a) the 7-year Mid Swap Rate for the relevant interest period plus (b) a margin equal to the difference between the Initial Interest Rate and the 7-year Mid Swap Rate applicable on the issue date.

Payment of interest (in full or in part) lies exclusively on the discretion of the board of directors of the credit institution, but if paid, it is payable in cash. If the credit institution elects not to pay interest, such interest is cancelled and does not accumulate. The credit institution may not pay dividend on its common shares if it has decided not to pay interest on the preceding interest payment date.

The credit institution's board of directors may, in its absolute discretion, pay interest in the form of common shares of the credit institution. The number of common shares issued according to this option must be equal to the amount of interest divided by the price of common shares on the interest payment date (for as long as the common shares are listed in an organised market), otherwise to the value of Common Equity Tier 1 capital corresponding to one common share as deriving from the financial statements of the credit institution most recently published prior to the payment date or the nominal value of the common share, whichever is higher. If so decided by the board of directors of the credit institution, the share capital increase takes place automatically and without any other procedural requirements or corporate decisions (including the shareholders' consent) and the corresponding common shares are issued automatically. Any interest payment is subject to the restrictions of the Maximum Distributable Amount according to Article 141 of CRD IV.

The credit institution may, in its absolute discretion, elect to repay all or some of the bonds at any time, at their nominal value, plus any accrued and unpaid interest (excluding any cancelled interest), provided that it has received the consent required at the time according to CRD IV or the Banking Law and that other claims, the repayment or repurchase of which must precede, as may be determined by CRD IV, have been repaid. Repayment by choice of the credit institution must be in cash.

Bondholders may not request the repayment of their bonds but only their conversion into common shares on the 7th anniversary.

If, due to a legislative change, either (a) the bonds cease to be included in the credit institution's Common Equity Tier 1 capital or (b) a tax burden arises for the credit institution in relation to the bonds, as provided for in the above Act, the credit institution may substitute all the bonds or amend their terms, without the consent or approval of the bondholders, so that they may continue to be recognised in the credit institution's regulatory capital on terms that are not materially less beneficiary to the bondholders.

### **Disposal of Shares and Bonds**

The manner and process for the disposal of all or part of the shares of a credit institution held by the HFSF within 5 years from the entry into force of Law 4340/2015 are determined by a decision of the HFSF. The

disposal may take place in one transaction or in instalments, in HFSF's discretion, provided that the disposal takes place within the above time limit and in compliance with state aid rules. Within the above deadline the shares may not be disposed to an undertaking that belongs directly or indirectly to the state according to the legislation in force.

In order to take the above decision, the General Council of the HFSF receives a report from an internationally renowned independent financial advisor with experience on such matters. The report is accompanied by a detailed timetable for the disposal of shares and justifies sufficiently the conditions and manner of disposal as well as the necessary actions for the completion of the disposal and compliance with the timetable.

The disposal takes place in a manner that is consistent with the purposes of the HFSF. Without prejudice to the provisions of Law 3401/2005, the disposal may take place by a public offer or an offer to one or more specific investors: (i) through an open contest or interest solicitation from selected investors, (ii) through exchange trade orders, (iii) by public offer of shares for cash or in exchange of other securities and (iv) by book building.

The HFSF may reduce its participation in credit institutions through a share capital increase by waiving or disposing its pre-emption rights.

The disposal price and the minimum subscription price for new private investors at a share capital increase are determined by the General Council according to the procedure of paragraph 5 of Article 7 of Law 3864/2010 when a bookbuilding has taken place or, in all other instances, on the basis of two evaluation reports prepared by two renowned independent financial advisors of experience on relevant matters and especially on the evaluation of credit institutions and in accordance with the abovementioned report. The disposal or acquisition price as per the above may be lower than the most recent price at which the HFSF acquired the shares or than the current market price of the shares, provided they are in line with the objectives of the HFSF and the relevant independent advisor's report. In case of sale of blocks of shares by the HFSF, the Minister of Finance receives the relevant reports and evaluations and has a veto right if the suggested price is outside the limits of such evaluations.

In the event the shares of the credit institution are acquired by a specific investor or investor group or the HFSF's participation is reduced by a share capital increase in favour of a specific investor or investor group, the HFSF may:

- (a) Invite the interested investors to submit offers, setting at the relevant invitation the procedure, deadlines, offer content and other terms for their submission, among which also the provision by investors, at any stage of the procedure deemed necessary, of a proof of funds and letters of guarantee;
- (b) Conclude a shareholders' agreement, if it deems necessary, which will govern the relationship between the HFSF and the specific investor or investor group as well as amend the framework agreement with the relevant credit institution. In that context it may be provided that the investors or/and the HFSF must maintain their holding for a specific time period; and
- (c) Provide a first offer and first refusal right to investors fulfilling certain criteria (such as those provided in point (d) of paragraph 5 of Article 8 of Law 3864/2010).

Certain evaluation criteria are taken into consideration for the selection of a specific investor or investor group, such as the investor's experience in the specific business and in the reorganisation of credit institutions, creditworthiness, ability to complete the transaction and the consideration offered. The evaluation criteria applicable to each procedure are notified to the candidate investors before the submission of a binding offer by the latter.



The methodology for the disposal of shares by a public offer for the exchange of warrants issued according to Cabinet Act 38/2012 and the adjustment of their terms and conditions in case of a share capital increase with a reverse split on terms determined by the credit institution, as well as share capital increase without abolition of the pre-emption rights of existing shareholders, are determined by a Cabinet Act. In case of a share capital increase without abolition of the pre-emption rights of existing shareholders the adjustment may affect only the exercise price of the options embodied in the warrants. The adjustment may be up to the amount corresponding to the income of the HFSF from the sale of the pre-emption rights and takes place following the sale.

### ***Cabinet Act No. 44/5.12.2015***

Cabinet Act No. 44/5.12.2015, issued under the new Article 6a paragraph 11 of Greek law 3864/2010, as recently amended by virtue of both Greek laws 4340/2015 and 4346/2015, replaced Cabinet Act No. 11/11.4.2014.

Cabinet Act No. 44/5.12.2015 determines the procedure for the appointment by the Bank of Greece of a valuator for the valuation of the assets and the liabilities of the credit institution in case of and prior to the implementation of the burden sharing measures of article 6A of Greek law 3864/2010, as well as the content and purpose of such valuation.

The aforementioned act further specifies the details for the implementation of the mandatory measures of Article 6A of Law 3864/2010 and the details for the determination of any compensation claimed by the holders of the capital instruments and liabilities subject to the mandatory burden sharing measures of article 6A of Greek law 3864/2010.

### **Powers of the HFSF Representative**

The HFSF is represented by one director to the board of directors of a bank having received capital from the HFSF according to the Law 3864/2010, as its representative. The HFSF representative has the following powers:

- To request the convocation of the general meeting of the credit institution, in which case the notification periods for the convening such meeting shall be reduced to one-third (1/3) of the periods provided in Greek Company Law;
- To veto any decision of the credit institution's board of directors:
  - Regarding the distribution of dividends and the remuneration and bonus 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; or
  - Where the decision in question could seriously compromise the interests of depositors, or impair the credit institution's liquidity or solvency or its overall sound and smooth operation (including business strategy, and asset/liability management); or
  - In relation to which the HFSF may exercise its voting rights in the general meeting of shareholders and which may negatively affect its participation in the credit institution's share capital.
- To request an adjournment of any meeting of the credit institution's board of directors for three business days in order to get instructions from the Executive Committee of the HFSF (such right may be exercised until the end of the board of directors meeting);
- To request the convocation of the credit institution's board of directors; and

- To approve the appointment of the credit institution's chief financial officer.

At the execution of its rights the representative of the HFSF takes into account the business autonomy of the credit institution.

The HFSF has free access in the books and records of the credit institution together with advisors of its choice.

The capacity of the HFSF representative is incompatible with the capacity of the representative of the Hellenic Republic provided in Greek Law 3723/2008 (Hellenic Republic Bank Support Plan). The HFSF representative to the board of directors of the credit institution is also subject to the obligation to avoid conflicts of interest, as well as to the duty of loyalty provided for in Article 16B of Greek Law 3864/2010.

In addition to the provisions of Law 3864/2010, the relationship between the Bank and the HFSF is regulated by the Relationship Framework Agreement between the Issuer and the HFSF that entered into force on June 12, 2013.

Following a request by the HFSF, the Bank is entering into a new Relationship Framework Agreement with the HFSF (the **New RFA**), replacing the existing RFA. The New RFA will remain in force so long as the HFSF has any ownership in the Bank. For a detailed description of the New RFA, see "*The Issuer's Management and Employees—Relationships and Other Activities—Relationship Framework Agreement*".

### ***Evaluation of Corporate Governance***

The HFSF, with the assistance of an internationally renowned specialised independent advisor will evaluate the corporate governance framework of the credit institutions with which it has concluded a Framework Agreement. More specifically, the evaluation will include the size, structure and competence allocation within the board of directors and its committees according to the business needs of the credit institution.

The above evaluation will include all board committees as well as any other committee that the HFSF deems necessary in order to fulfil its purposes according to the law.

The HFSF with the assistance of an independent advisor will set evaluation criteria of the above elements and the members of the board of directors and such committees according to international best practices. Based on the evaluation the HFSF will make specific recommendations for the improvement and possible changes in the corporate governance of the credit institutions. The members of the board of directors and such committees will cooperate for the purposes of the evaluation with the HFSF and its advisors and will provide any necessary information.

In addition to the criteria set by the HFSF, the evaluation according to Greek Law 3864/2010, as amended by Law 4340/2015, will include the criteria that, as regards the evaluation of the board of directors and its committees the following must be satisfied for each member: (i) each member must have a minimum ten years of international experience in senior managerial positions in the sectors of banking, auditing, risk management or the management of non-performing assets, of which, as regards non-executive members, at least three years must be as a member of the board of directors of a credit institution or an undertaking of the financial sector or an international financial institution, (ii) the member must not have served during the last four years prior to his appointment in a senior public position, such as Head of State, President of the Government, senior political executive, senior governmental, judicial or military employee or an important position as senior executive of a public undertaking or a political party, and (iii) the member must notify all financial relationships with the bank before its appointment. The supervising authority must have confirmed that the member is fit and proper to be appointed as member. The HFSF, with the assistance of the independent advisor during the evaluation, will set additional criteria for specific abilities required for the board of directors. The criteria will be reviewed at least once every two years, or more often if there is a material change in the Issuer's financial situation.

The size and collective knowledge of the boards and their committees must reflect the business model and financial situation of the credit institution. The evaluation of the members must ensure the proper size and composition of the above bodies and must satisfy at least the following criteria: (i) at least three experts must participate in the board of directors as independent non-executive members with sufficient knowledge and international experience of at least 15 years in similar credit institutions, of which at least three years must be as members of an international banking group not operating in the Greek market. Such members must not have any relationship with credit institutions operating in Greece in the previous ten years, (ii) the above independent members will preside over all committees of the board of directors, (iii) at least one member of the board of directors will have relevant specialisation and international experience of at least five years in the sectors of risk management or NPLs management. Such member will focus and have as exclusive competence the management of NPLs on board level and shall preside over any special board committee that deals with NPLs. In case that the review or evaluation of the board of directors does not meet such criteria, the HFSF will inform the board of directors and if the latter fails to take the necessary measures to implement the relevant recommendations, the HFSF shall convoke the general meeting of shareholders in order to inform it and suggest the necessary changes, while it will send the results of the evaluation to the competent supervisory authorities.

In case that the member of the board of directors or its committee does not meet the relevant criteria or the board of directors as a body does not comply with the suggested structure as regards its size, competence allocation and specialisation and if the necessary changes are not implemented in another manner, then there will be a recommendation for the replacement of certain board or committee members. If the general meeting of shareholder does not agree with the replacement of the members of the board of directors that did not meet the evaluation criteria within three months, then the HFSF will publish a relevant reference within four weeks on its website, which will include the name of the credit institution, the recommendations and the number of the members of the board of directors that did not meet the relevant criteria as well as the criteria themselves.

## **General**

During the participation of the HFSF in the share capital of credit institutions, such credit institutions cannot buy their own shares without the HFSF's approval.

The HFSF may additionally provide guarantees to countries, international organisations or others, and in general proceed with any necessary action for the implementation of decisions of the Eurozone bodies in connection with the support of the Greek economy. The HFSF may provide guarantee to the credit institutions of Article 2, paragraph 1 of Greek Law 3864/2010 and grant security on its assets for the fulfilment of its obligations from such guarantee as well as a loan to the HDIGF, guaranteed by the credit institution that participates in the HDIGF *pro rata* to their contributions either to the Resolution Fund or the Deposits Coverage Bench, as the case may be. The Minister of Finance by a decision may provide for any necessary detail for the implementation of the above.

## **PSI Program**

Within the context of implementation of the PSI Program, a number of legislative and regulatory acts were enacted. Initially, Greek Law 4046/2012 which was enacted on 14 February 2012 aimed to enable the voluntary bond exchange between the Hellenic Republic and certain private sector investors, as described in the statement of the Euro Summit dated 27 October 2011.

Greek Law 4050/2012 on the rules for the amendment of debt securities issued or guaranteed by the Hellenic Republic with the bondholder's agreement, which became effective on 23 February 2012, introduced the legal framework for the amendment of eligible securities, governed by Greek law and issued or guaranteed by the Hellenic Republic by the introduction of retroactive collective action clauses and their exchange with new securities. Pursuant to said law, the proposed amendments would be considered approved by the bondholders, if bondholders of at least 50% in aggregate principal amount of the eligible securities

participate in the modification process set out in the relevant invitation and at least two-thirds (2/3) of the participating principal of the participating bondholders consent to the proposed modification. Finally, by virtue of said law the Ministerial Council was authorised to decide the specific terms for the implementation of the above transactions and sub-delegate the PDMA to issue invitations to the bondholders to amend and exchange the eligible debt securities with new securities.

The implementing Ministerial Council Act No. 5 dated 24 February 2012 provided for the redemption of the eligible securities governed by Greek law, in exchange for new securities issued by the Hellenic Republic and the EFSF and governed by English law, set the specific terms of the process, defined the eligible debt securities governed by Greek law and issued prior to 31 December 2011 and specified the basic terms governing the new securities to be issued and exchanged.

Furthermore, the PDMA issued an invitation to the bondholders of the eligible debt securities, governed by both Greek and non-Greek law, seeking their consent for the amendment of the terms governing the eligible debt securities, proposed by the Hellenic Republic in exchange for new securities issued by the Hellenic Republic and the EFSF and governed by English law and specified the terms of the process. The invitations, according to Greek Law 4050/2012, included, among others, terms relevant to: the eligible bonds and other terms such as subdivisions of the bonds, the proposed amendments, grace period, currency, terms and methods of payment, repayment and repurchase, termination reasons, negative obligations of the issuer (negative pledges), rights and obligations of the trustee acting for the bondholders, etc.

Finally, the Ministerial Council Act No. 10 dated 9 March 2012 approved and ratified the decision of the Bondholders of the eligible debt securities governed by Greek law to consent to the proposed amendments in accordance with the applicable legal framework, as such consent was confirmed by the Bank of Greece, in its capacity as process manager. Pursuant to Greek Law 4050/2012, following publication of the above approving decision of the Ministerial Council, the proposed amendment became binding on all holders of eligible debt securities and supersedes all contrary provisions of Greek law, regulatory acts or contractual terms.

The PDMA also issued parallel invitations to holders of designated securities issued or guaranteed by the Hellenic Republic and governed by a law other than Greek law, to consent to the amendment of the terms of said designated securities and exchange them for new securities issued by the Hellenic Republic and the EFSF and governed by English law, in accordance with the terms of the invitation and the law and contractual terms governing said designated securities.

Subsequently, with Ministerial Decision No. 2/20964/0023A the details for the implementation of the amendment of the terms of the eligible securities and the issue of new securities were decided.

### **Debt Buy-Back**

The PDMA announced the terms of the Buy-back on 3 December 2012.

The offer entailed the exchange of twenty (20) designated bonds which were issued by the Hellenic Republic within the framework of the PSI and were governed by English Law (of a total outstanding nominal amount of €62 billion), for up to €10 billion aggregate principal amount of 6-month, zero-coupon, EFSF notes governed by English law, under a separate modified Dutch auction for each series of designated bonds. The purchase prices to set in the modified Dutch auction ranged between 30.2% and 40.1% depending on the designated bonds' maturity.

More particularly, for each €1,000 principal amount of a designated bond, the bondholder would receive: (a) EFSF notes with a principal amount equal to one thousand (1,000) euros multiplied by the purchase price (expressed as a percentage to be applied to the principal amount of the relevant designated bond) selected by the Hellenic Republic for that series of designated bonds under the modified Dutch auction; and (b) EFSF

notes with the principal amount equal to the amount of the accrued unpaid interests to but excluding the settlement date on that series of designated bonds (subject to rounding).

The exchange was settled on 11 December 2012 and the Hellenic Republic finally exchanged €11.3 billion value of EFSF notes for €31.8 billion value of designated bonds, resulting to a reduction of the debt to GDP ratio by 9.5%, below the originally targeted 11%.

### **Interest Rates**

Under Greek law, interest rates applicable to bank loans are not subject to a legal maximum, but they must comply with certain requirements intended to ensure clarity and transparency, including with regard to their readjustments. Specifically, Act of the Governor of the Bank of Greece No. 2501/31.10.2002 regarding customers information requirements on the terms of their transactions with credit institutions provides that credit institutions operating in Greece should, among other things, determine their interest rates in the context of the open market and free competition rules, taking into consideration the risks undertaken on a case-by-case basis, potential changes in the financial conditions and data and information specifically provided by counterparties for this purpose.

Furthermore, Decision of the Banking and Credit Committee of the Bank of Greece No. 178/3/19.7.2004 clarifies Bank of Greece Governor's Acts Nos. 1087/1987, 1216/1987, 1955/1991, 2286/1994, 2326/1994 and 2501/2002 concerning the determination of interest rates and customer information by credit institutions. Specifically, this decision expressly provides that the determination of the maximum limit for banking interest rates by administrative authorities, or their correlation with the maximum limit for non-banking interest rates, is not compatible with the principles governing the monetary policy of the European central bank system. Banking interest rates are freely determined taking into consideration the estimated risks on a case-by-case basis, the conditions on financial markets from time to time and the general obligations of the banks from the provisions governing their operation.

Limitations apply to the compounding of interest. In particular, the compounding of interest with respect to bank loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under Article 30 of Greek Law 2789/2000, as in force and Article 39 of Greek Law 3259/2004, as in force. It is also noted that with respect to interest of loans and other credits, Greek credit institutions must also apply Article 150 of the Banking Law, which, notwithstanding the accounting treatment under the applicable accounting standards, precludes credit institutions to account for interest income from loans which are overdue for more than a 3-month period, or six months in the case of loans to natural persons secured by real estate.

Moreover, according to Article 150 par.2 of Greek Law 4261/2014 it is prohibited to grant new loans for the repayment of overdue interest or to enter into debt settlement having a similar result, unless such actions are taken in the context of an agreement for the settlement of the entirety of the debts of the borrower, which shall be based on a detailed examination of the borrower's capacity to fulfil the undertaken obligations under specific timeframes.

### **Secured Lending**

According to Greek Law 4261/2014, Article 11, among the activities that Greek credit institutions are permitted to engage is lending including, *inter alia*: consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfeiting).

The provisions of legislative decree 17.7/13.08.1923 regulate issues regarding the granting of loans secured by in rem rights and Greek Law 3301/2004 regulates issues regarding financial collateral arrangements.

Mortgage lending is extended mostly on the basis of mortgage pre-notations, which are less expensive and easier to record than mortgages and may be converted into full mortgages upon final non appealable court judgment.

European Directive 2014/17 on credit agreements for consumers relating to residential immovable property lays down a common framework for certain aspects of the laws, regulations and administrative provisions of the Member States concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property, including an obligation to carry out a creditworthiness assessment before granting a credit, as a basis for the development of effective underwriting standards in relation to residential immovable property in the Member States, and for certain prudential and supervisory requirements, including for the establishment and supervision of credit intermediaries, appointed representatives and non-credit institutions. The deadline for the transposition of this Directive is at the latest until 21 March 2016 and the provisions of this directive shall not apply to credit agreements existing before 21 March 2016.

### **Restrictions on the Use of Capital**

The compulsory commitments framework of the Bank of Greece is in line with Eurosystem regulations. Reserve ratios are determined by category of liabilities at 1% for all categories of liabilities comprising the reserve base, with the exception of the following categories to which a zero ratio applies:

- Deposits with agreed maturity over two years;
- Deposits redeemable at notice over two years;
- Repos; and
- Debt securities with agreed maturity over two years.

This requirement applies to all credit institutions.

### **Restrictions on Enforcement**

According to Greek Law 4224/2013 and the Cabinet Act No. 6 of 17 February 2014, as amended by the Cabinet Act No 20 of 14 August 2015, established the Government Council for the Management of Private Debt, composed by the Ministers of Finance, Development and Competitiveness, Justice, Transparency and Human Rights and Labor, Social Security and Welfare (the Council), which will introduce and monitor the necessary actions for the creation of a permanent mechanism having as purpose the resolution of the non-serviced/performing private debt of individuals, legal entities and undertakings.

Moreover, according to the provisions of Greek Law 4224/2013, the Council provided a definition of "cooperating borrower" specifying when a borrower is classified as cooperating towards his/her lenders and assessed a methodology for determining "reasonable living expenses".

Greek Law 4224/2013, in conjunction with ministerial decision no. 5921/2015, provides that the consumer ombudsman will act extra judicially as mediator solely for the amicable settlement of the dispute between lenders and borrowers for the purpose of settling non accruing loans within the framework of the Banks' Code of Conduct for the management of non accruing loans.

Greek Law 4224/2013 was further amended by Greek Law 4336/2015, introducing the following:

- A specialised Secretariat for private debt management responsible for supporting the governmental council's for private debt management work, organising the political information of citizens and the

advisory services provided to all consumers-borrowers as well as organising the work of all co-competent bodies,

- 30 Borrowers' Service Centres, as regional Offices of the specialised Secretariat for private debt management, responsible for informing borrowers and providing financial and legal advisory services.

Bank of Greece has published new regulatory framework concerning the management of loans in arrears and non accruing loans and specifically:

- Executive Committee Act No. 42/30.5.2014 "Supervisory framework for the management of loans in arrears and non accruing loans" as amended by Executive Committee Act No.47/9.2.2015; and
- Credit and Insurance Committee Decision 116/1/25.8.2014 of Bank of Greece "Introduction of a Code of Conduct under Greek Law 4224/2013", as originally amended by Credit and Insurance Committee Decision 129/2/16.2.2015 and further amended by Credit and Insurance Committee Decision no. 148/10/05.10.2015.

Executive Committee Act No. 42/30.5.2014, as in force, lays down a special framework of requirements for credit institutions' management of past due and non accruing loans ,in the framework of the provisions of Law 4261/2014, EU Regulation 575/2013 and the relevant Bank of Greece decisions. This framework imposes, among others, the following obligations on credit institutions:

- (a) to establish an independent arrears and NPLs management (**ANPLM**) function;
- (b) to develop a separate, documented ANPLM strategy, the implementation of which will be supported by appropriate Management Information Systems (**MIS**) and procedures; and
- (c) to establish regular reporting to the management of the credit institution and the Bank of Greece.

Code of Conduct under Greek Law 4224/2013, as amended by virtue of no. 129/2/16.2.2015 and no. 148/10/05.10.2015 decision of the Credit and Insurance Committee of the Bank of Greece, lays down general principles of conduct and introduces best practices, aimed to strengthen the climate of confidence, ensure engagement and information exchange between borrowers and lending institutions, so that each party can weigh the benefits or consequences of alternative forbearance or resolution and closure solutions for loans in arrears for which the loan agreement has not been terminated, with the ultimate goal of working out the most appropriate solution for the case in question.

Each institution falling within the framework of the Code of Conduct of law 4224/2013 has to implement, inter alia, an Arrears Resolution Procedure (hereinafter **ARP**), a detailed record with categorisation of loans and borrowers, to which the examination procedure of the objections is recorded with details, as well as to establish an Objections Committee composed by at least three of its senior executives.

In dealing with cases of borrowers in arrears or pre arrears, every institution shall apply an ARP involving the following steps:

- Step 1: Communication with the borrower
- Step 2: Collection of financial and other information
- Step 3: Assessment of financial data
- Step 4: Proposal of appropriate solutions to the borrower

- Step 5: Objections review procedure

It should be noted that the Bank of Greece will not deal with individual cases of disputes between creditors and borrowers that may arise from the implementation of the Code of Conduct.

Specific restrictions to enforcement against an individual debtor's primary residence may apply following a debtor's submission to Greek Law 3869/2010, as recently amended. For a detailed description, see "*Settlement of Amounts Due by Indebted Individuals*".

### **Management and/or transfer of non-performing loans**

Greek law 4354/2015 (Articles from 1 to 3) provides that the receivables deriving from non-performing loans (the **NPL Receivables**) can be solely managed by and/or transferred to sociétés anonymes with registered seat in Greece or to sociétés anonymes with registered seat in another member state of the European Economic Area provided that the latter have established a branch in Greece and the purpose of which include, inter alia, the management NPL Receivables, following a special license by the Bank of Greece. The assignment of the management or the transfer of NPL Receivables does not prejudice the rights of the debtors and the guarantors both from a substantial and procedural/judicial perspective.

### **Guidelines for Capital Requirements**

In June 2004 the Basel Committee issued a revised capital adequacy framework and, in November 2005, the Basel Committee issued its final proposals on capital standards, known as "Basel II". Basel II promotes the adoption of certain enhanced risk management practices. It introduces counterparty-risk sensitive, conceptually sound approaches for the calculation of capital requirements that take into account the sophistication of risk management systems and methodologies applied by banks.

The revised framework retains key elements of the 1988 capital adequacy framework, including the general requirement for banks to hold an 8% own funds to risk-weighted asset ratio, the basic structure of the 1996 amendment regarding the treatment of market risk and the definition of assets eligible for own capital purposes.

A significant innovation of the revised framework is the greater use of assessments of risk provided by banks' internal systems as inputs to capital calculations. In taking this step, the framework also puts forward a detailed set of minimum requirements designed to ensure the integrity of these internal risk assessments. The revised framework introduces capital requirements for operational risk and directs banks to establish an internal capital adequacy assessment process. This process takes into account market, credit and operational risks as well as other risks, including, but not limited to, liquidity risk, concentration risk, interest rate risk in the bank's investment portfolio, business risk and strategic risk.

The revised framework provides a range of options of escalated sophistication for the determination of the capital requirements for credit and operational risk. Various options allow banks and supervisors to select those approaches that are most appropriate for their own operations and the structure of their capital market. Furthermore, Basel II significantly enhances the requirements for market disclosures on both quantitative and qualitative aspects of risk management practices and capital adequacy.

The Basel II framework was implemented in the EU in June 2006 by means of EU Directives No. 2006/48 and No. 2006/49. These EU directives were transposed in Greece in August 2007 by means of Greek Law 3601/2007 accompanied by various Acts issued by the Governor of the Bank of Greece.

In 2008, the European Commission submitted a Proposal for a Directive of the European Parliament and the Council of Europe amending Directives 2006/48/EC and 2006/49/EC regarding banks affiliated with central institutions, certain own funds items, large exposures, supervisory arrangements and crisis management which led to the adoption of Directive 2009/111/EC of the European Parliament and of the Council of



Europe transposed into Greek law by virtue of Greek Law 4021/2011, and Directives 2009/27/EC and 2009/83/EC as regards technical provisions concerning risk management. Greece adopted the new measures as from 31 December 2010. Further, by virtue of the recently enacted Act 13/28.03.2013 of the Executive Committee of the Bank of Greece, the percentage of the total risk-weighted assets that must be covered by a credit institution's Tier I funds is set at 9%, starting 31 March 2013. The notion of the said Tier I funds includes, among others, the Preference Shares, held by the Hellenic Republic, and the contingent convertible securities issued under Greek law 3864/2010 (and the Cabinet Act No. 38/09.11.2012) as amended and in force, held by the HFSF. See "*The Hellenic Republic Bank Support Plan*". In addition, in relation to the Hellenic Republic's economic crisis and the adjustments concerning the Program, see The Macroeconomic Environment in Greece. Moreover, by virtue of the said Act, the percentage of the total risk-weighted assets that must be covered by a credit institution's common equity is set at 6%, starting 31 March 2013. Act 13/28.3.2013 of the Executive Committee of the Bank of Greece was amended by virtue of Act 36/28.12.2013 which entered into force on 31 December 2013. By virtue of such Act, the 20% limit on the deduction of deferred tax assets was abolished.

On 24 November 2010, EU Directive No. 2010/76/EC (CRD III) was issued amending Directives 2006/48/EC and No. 2006/49/EC as regards capital requirements for the trading book and for resecuritisations, and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to the recent and current market conditions, such as:

- Increase of capital requirements for market risk in the trading book under the use of internal models taking into account potential losses from adverse market movements in stressed conditions;
- Increase of capital requirements under the Standardised Approach for specific market risk of positions in equities held in the trading book;
- Imposition of higher capital requirements for positions in re-securitisations; and
- Imposing on credit institutions the obligation to prepare and implement remuneration policies and practices, consistent with efficient risk management and applicable for individuals fulfilling roles with potential impact on a bank's risk profile.

In December 2010, the Basel Committee issued two prudential framework documents ("Basel III: A global regulatory framework for more resilient banks and banking systems", December 2010 and "Basel III: International framework for liquidity risk measurement, standards and monitoring", December 2010) which contain the Basel III capital and liquidity reform package. The so called Basel III documents were revised in June 2011. The new Directive No. 2013/36/EU of the European Parliament and the Council of 26 June 2013 (CRD IV) and Regulation 575/2013 of the European Parliament and Council of 26 June 2013 (CRR) took effect on 1 January 2014 gradually introducing Basel III. The new regime amends current rules on the capital requirements for banks and investment firms, aiming to further transpose into EU law the Basel III requirements, including rules regarding capital requirements, capital conservation and buffers, and liquidity and leverage. Some major points of the new framework include:

- *Quality and Quantity of Capital.* CRD IV revised the definition of regulatory capital and its components at each level. It also provided for a minimum Common Equity Tier I Ratio of 4.5%, a Tier I Ratio of 6% and a total capital ratio of 8%, without allowing member states to provide for a higher minimum ratio. It also introduced a requirements, criteria and characteristics for Common Equity Tier I and Tier II capital instruments; EBA will prepare, publish and update a list of all capital instruments that qualify as Common Equity Tier I in each member state, starting from 1 February 2015;
- *Capital Conservation Buffer.* In addition to the minimum Common Equity Tier I Ratio and Tier I Ratio, banks will be required to hold an additional buffer of 2.5% of common equity as capital conservation buffer. Depletion of the capital conservation buffer will trigger limitations on

dividends, distributions on capital instruments (additional Tier I) and compensation and it is designed to absorb losses in stress periods;

- *Systemic Risk Buffer.* According to CRD IV, member states may require the creation of a buffer against systemic risk in the financial sector or subsets thereof, in order to prevent and mitigate long term non-cyclical systemic or macro-prudential risks not covered by CRR, in the meaning of a risk of disruption the financial system with the potential to have serious negative consequences to the financial system and the real economy in a specific member state. Such buffer may vary from 1% to 5% and is constituted by Common Equity Tier I elements;
- *Deductions from Common Equity Tier I.* CRD IV revises the definition of items that should be deducted from regulatory capital. In addition, most of the items that are now required to be deducted from regulatory capital will be deducted in whole from the Common Equity Tier I component;
- *A Grandfathering Period for existing non-common Equity Tier I and Tier II.* Capital instruments that no longer qualify as non-common equity Tier I capital or Tier II capital will be phased out over a period beginning 1 January 2013 and ending 31 December 2021. The regulatory recognition of capital instruments qualifying as own funds until 31 December 2011 will be reduced by a specific percentage in each subsequent year. Step-up instruments will be phased out at their effective maturity date (i.e. their call and step up date) if the instruments do not meet the new criteria for inclusion in Tier I or Tier II. Existing public sector capital injections will be grandfathered until 31 December 2017;
- *No Grandfathering for Instruments issued after 1 January 2012.* Only those instruments issued before 31 December 2011, will likely qualify for the transition arrangements discussed above;
- *Countercyclical Buffer.* To protect the banking sector from excess aggregate credit growth CRD IV gives Member States the right to require an additional buffer of 0%-2.5% of Common Equity Tier I, to be imposed during periods of excess credit growth according to national circumstances. The countercyclical buffer, when in effect, will be introduced as an extension of the capital conservation buffer;
- *Central counterparties.* To address the systemic risk arising from the interconnectedness of banks and other financial institutions through the derivatives markets, the Basel Committee is supporting the efforts of the Committee on Payments and Settlement Systems and International Organisation of Securities Commissions (IOSCO) to establish strong standards for financial market infrastructures, including central counterparties (CCPs). A 2% risk-weight factor is introduced by the CRR to certain trade exposures to qualifying CCPs (replacing the current 0% risk weighting). The capitalisation of bank exposures to CCPs will be based in part on the compliance of the CCP with the IOSCO standards (since noncompliant CCPs will be treated as bilateral exposures and will not receive the preferential capital treatment referred to above). As mentioned above, a bank's collateral and mark-to-market exposures to CCPs meeting these enhanced principles will be subject to 2% risk-weight, and default fund exposures to CCPs will be capitalised based on a risk-sensitive waterfall approach;
- *Asset value correlation multiplier for large financial institutions.* A multiplier of 1.25 is proposed to be applied to the correlation parameter of all exposures to financial institutions meeting particular criteria specified by the Committee;
- *Counterparty Credit Risk.* CRD IV is raising counterparty credit risk management standards in a number of areas, including for the treatment of so-called wrong-way risk, i.e. cases where the exposure increases when the credit quality of the counterparty deteriorates. For example, the proposal includes a capital charge for potential mark-to-market losses (i.e. credit valuation

adjustment risk) associated with a deterioration in the creditworthiness of a counterparty and the calculation of Expected Positive Exposure by taking into account stressed parameters;

- *Leverage Ratio.* The Basel Committee confirmed its previously declared commitment to an unweighted Tier I leverage ratio of 3% that will apply for all banks as part of the Pillar II framework from 1 January 2013 with a view towards migrating the ratio to a Pillar I minimum requirement by 2018 (subject to any final adjustments);
- *Systemically Important Banks.* Systemically important banks should have loss absorbing capacity beyond the minimum standards and the work on this issue is ongoing. Under the new framework, a systemically important bank may be required to maintain a buffer of up to 2% of the total risk exposure amount, taking into account the criteria for its identification as a systemically important bank. That buffer shall consist of and shall be supplementary to Common Equity Tier I capital; and
- *Liquidity Requirements.* CRD IV introduces progressively as of 1 January 2015 a liquidity coverage ratio, and a net stable funding ratio from 1 January 2016, allowing in both cases member states to maintain or introduce national provisions until binding minimum standards are introduced by the European Commission.

The directive on the undertake and pursuit of the business of Insurance and Reinsurance "Solvency II" (Directive No. 2009/138/EC) of 25 November 2009, is a fundamental review of the capital adequacy regime for the European insurance sector business. 30 June 2013 was set as transposition deadline and 1 January 2014 was the date of application of any laws, regulations or administrative provisions brought into force by Member States in order to comply with the provisions of Directive No. 2009/138/EC and thus, date of subsequent progressive removal of the existing relevant insurance and reinsurance directives. However, certain provisions of Solvency II were amended by Directive No. 2014/51/EU of 16 April 2014 (Omnibus II Directive), with a transposition deadline of 31 March 2015. According to Omnibus II, Level 2 and Level 3 measures must be put in place, likely delaying the implementation of Solvency II until 2016.

The Issuer reports to the Bank of Greece in compliance with the Basel II regulations and consistently applies all the relevant rules and guidelines at a Issuer and Group level. The EBA has determined that the Issuer is a systemic bank, as described above, and therefore, the Issuer has prepared a resolution plan at a Group level, identifying systemically important functions of the Issuer and the steps needed to maintain these functions under adverse scenarios.

### **Derivatives Transactions—European Market Infrastructure Regulation (EMIR)**

In order to address the roots of the financial crisis, the G20 countries committed to address risks related to the derivative markets. In order to make that commitment effective, the European Parliament and the Council have adopted a regulation that requires OTC derivative contracts to be cleared, derivative contracts to be reported and sets a framework to enhance the safety of central clearing counterparties (CCP) and for Trade Repositories (TR). The Regulation (EU) No. 648/2012 of the European Parliament and of the Council of Europe of 4 July 2012, on OTC derivatives, CCPs and TRs entered into force on 16 August 2012 and is directly applicable in all the Member States. EMIR has been supplemented by Commission Delegated Regulations (EU) No. 148/2013 to 153/2013 of 19 December 2012, No. 1002/2013 and No. 1003/2013 of 12 July 2013, No. 284/2014 of 13 February 2014 and No. 667/2014 of March 13, 2014.

### **Settlement of Amounts Due by Indebted Individuals**

On 3 August 2010, Greek Law 3869/2010 was put in force with respect to the settlement of amounts due by indebted individuals. The law allows the settlement of amounts, due to credit institutions by individuals evidencing permanent and general inability (without intention) to repay their due debts, by arranging the partial repayment of their due debts and writing off the remainder of their debts, provided the terms of

settlement are agreed. All individuals, both consumers and professionals, are subject to the provisions of Greek Law 3869/2010, with the exception of individuals who can be declared bankrupt.

This relevant regulatory regime, as consecutively amended, allows the settlement of all amounts due to credit institutions (consumer, mortgage and commercial loans either promptly serviced or overdue), as well as those due to third parties with the exception of debts ascertained during the year before the submission of the application, from intentional torts, administrative fines, monetary sanctions as well as obligations for spousal or child support. Following the amendment of the law by Greek Law 4336/2015, the scope of its provisions was widened to include ascertained debt towards the State, the Tax Authorities, Municipalities and Prefectures and Social Security Funds, provided that the above institutions are not the only creditors of the applicant and that the above debt is being subjected to restructuring along with its debt towards private creditors.

Debts must have been contracted more than one year before the application date and relief may be used only once. The debtor may initiate a mediation process prior to filing an application. Banks must deliver a full credit analysis of their claims (including capital, interest and expenses, as well as the amount equal to 10% of the last non due instalment) within ten business days from the debtor's request, without the latter being burdened with any cost.

The debtor may apply to the local justice of the competent magistrate's court and present evidence regarding the failure of the mediation process (if the debtor opts for this possibility), the property and financial situation of the debtor and his/her spouse, the creditors' claims (i.e. the debtor's debts), as well as any transfers of rights in rem over real estate property that has taken place in the last three years prior to the date of filing of the application as well as any request for the write-off of debt or a settlement proposal. Creditors' claims that have not been notified in such court are not affected. The court hearing for the application is set within 6 months as of its submission. Upon filing of the application the court sets the date of ratification, on which either an out-of-court settlement will be ratified by the judge or a possible request for a provisional order will be heard. The ratification date is set within two months as of the submission of the application. Until the date of ratification or the hearing of the suspension or the hearing regarding the application, no enforcement measures may be taken against the debtor for claims included in his application and any change in the real and legal status of his property is prohibited. If no settlement and ratification is achieved, the judge decides on the ratification date, following a request by the debtor or a creditor or by his own volition, the suspension of enforcement measures against the debtor, the preservation of the real and legal status of his property, as well as the payment of monthly instalments to the creditors included in his application until the issuance of a final decision on the application, which are equally distributed and may not be less than 10% of the monthly instalments that the debtor should have paid to all creditors until the filing of the application and, following the deduction of its living expenses, not less than €40 in total. By exception, the court may set lower or no instalments.

The duration of the temporary order may not exceed six months, including the time period during which enforcement measures have been suspended, beginning from the completion of the filing of the application or if the hearing of the main application has been set at an earlier date, until such hearing date. In case that the debtor delays repayment of the instalments set by the judge and, as a result, the total amount overdue exceeds the value of three instalments per year, following an application by the creditor, the judge orders the revocation of the temporary order or any other provisional measure.

Furthermore, by virtue of the amendment by Law 4336/2015, the Fast-track Small Claims Process was introduced regarding indebted individuals of Law 3869/2010 meeting all of the following criteria: (a) having a total amount of debt not exceeding twenty thousand (20,000), Euros (b) having no income, (c) not owning any real estate property, (d) not having transferred or sold real estate property during the last three years, (e) having a remaining property, including deposits, that does not exceed one thousand (1,000) Euros, (f) having been cooperating debtors, as such term is defined in the Banks' Code of Ethics; (g) there are no other secured creditors (in rem or otherwise), and (h) the debts included in the application form are all the debtor's debts. The law provides the following for creditors fulfilling the above conditions: (i) immediate

debt write-off, (ii) a supervision period of 18 months, during which they must notify their creditors and the court of any change in their property or in their family's property, (iii) any concealment of proprietary changes during the supervision period by the debtor will incur the reversal of the write-off and the sanctions provided by Law 3869/2010. Following the expiry of the supervision period the debtor loses his overindebted status under law.

Debtors and creditors may settle also following the ratification date until the day of the court hearing of the application at any stage of the process, in which case they appear before the judge submitting a settlement plan and requesting its ratification. The plan is ratified by the judge and has the force of a court settlement. The debtor's application for the settlement and release of his debts is automatically revoked. With the consent of creditors whose claims exceed half of the total amount of claims, including in any case all creditors secured by rights in rem and creditors with claims exceeding half of any labour claims, the judge may substitute, at any stage of the process, the absence of a creditor's consent, who objects the settlement in an abusive manner. In this case, a settlement is deemed to have occurred and the application for the release from debt is automatically revoked. The substitution of a creditor's consent is prohibited if (a) the objecting creditor's claim is not satisfied proportionately with other creditors or (b) if the objecting creditor proves that the implementation of the settlement plan will put him into a financially worse position from that in which he would be if the process for the release of the debtor's debt were to continue, or (c) a claim is disputed by the debtor or any other creditor.

If the plan is not accepted by the creditors or if objections were submitted without being substituted, the court checks the existence of disputed claims and the fulfilment of the conditions for the settlement of debt and the release of the debtor.

The debtor undertakes the obligation to pay part of its income to its creditors in monthly disbursements for a period of three years. If the debtor does not own sufficient assets, the court, after deducting the amount necessary to cover reasonable living expenses of the debtor and his family, as determined by the law applicable at that time, orders the monthly payment for a time period of three years, of the remaining amount on the basis of his assets and all types of income, for the satisfaction of the creditors' claims, equally distributable among them.

The debtor's property may be liquidated, if deemed necessary, but according to an amendment of Law 3869/2010 passed by the Hellenic Parliament on 19 November 2015, which was published in the Government Gazette on 20 November 2015 (Gov. Gazette A, Issue 152/2015, Law 4346/2015) (the **New Law**), the debtor may apply until 31 December 2018, for the exclusion of his property from liquidation. Specifically, in order for a real estate property to be excluded from foreclosure, the following conditions as regards the debtor must be cumulatively satisfied:

- (a) The property must be used as his primary residence;
- (b) The monthly available family income must not exceed the reasonable living expenses as such are determined by Greek Law 3869/2010, increased by 70%;
- (c) The objective (tax) value of the property must not exceed at the court hearing date, the amount of €180,000 for a single debtor, increased by €40,000 for married debtors and by €20,000 for each child and up to three children; and
- (d) The debtor must be a "cooperating debtor" as defined in the Code of Ethics.

In this case, the settlement plan must provide that the debtor shall pay the maximum amount according to his abilities so that the creditors will not be, without their consent, in a worse financial position than they would be in case of mandatory enforcement. The Bank of Greece shall issue a decision setting the criteria by which the repayment ability of the debtor and the amount that the creditors would receive in case of mandatory enforcement as well as determining any loss of the creditors.

If, during the repayment of the settlement plan, the debtor sells his primary residence and the amount received exceeds the amount of the settled debt, as such is determined by a court decision, then half of such consideration will be allocated between secured and preferred creditors. In any case, debtors may not receive an amount exceeding the amount they would receive under the settlement plan.

The New Law has also introduced a provision according to which, until 31 December 2018, the Greek State may contribute to the payment of monthly instalments of debtors satisfying the below criteria in order to ensure that creditors shall not be in a worse financial position as per the above:

- (a) The specific property is used as primary residence;
- (b) The monthly available family income is less or equal to the reasonable living expenses as such are determined by Greek Law 3869/2010;
- (c) The objective (tax) value of the property does not exceed at the court hearing date, the amount of €120,000 for a single debtor, increased by €40,000 for married debtors and by €20,000 for each child and up to three children;
- (d) The debtor is a "cooperating debtor" as defined in the Code of Ethics; and
- (e) The debtor is actually unable to pay the monthly instalments as such are determined in the settlement plan.

In this case, the debtor may, following the issuance of a court decision, apply to the Greek State for the partial coverage of the monthly instalments set by the court decision. The contribution of the Greek State cannot exceed a period of three years. The criteria for such contribution and for the minimum contribution of the debtor shall be set by a joint Ministerial Decision of the Minister of Finance and the Minister of Finance, Development and Tourism. Until 31 December 2016, the Greek State may cover partially the difference between the amount paid by the debtor and the amount provided in the settlement plan. In this case, the settlement plan is considered to be serviced and any unpaid amount is capitalised and included in the remaining amount due under the plan.

The New Law provides that the above provisions shall enter into force as of 1 January 2016.

Such period may not exceed 20 years, unless the duration of the credit agreement by virtue of which the relevant credit was granted to the debtor exceeded 20 years, in which case the judge may set a longer period, not exceeding in any case 35 years. The debtor's primary residence is protected not only in the case of full ownership, but also in cases of bare ownership and usufruct or ownership of a notional part.

Following the hearing before the judge on the ratification date, the court, provided a temporary order has not been issued and upon a petition for injunction by the debtor or any other person with lawful interest, may order the suspension of enforcement proceedings against the debtor, provided that the court considers that the debtor will be subject to some debt settlement and that the enforcement proceedings will cause substantial harm to the debtor. The suspension is granted for a time period not exceeding six months commencing on the date when the application is submitted or, provided the hearing date has been set earlier, until such hearing date. The validity of the preliminary measures decision is binding upon all creditors mentioned in the application, regardless of whether they have initiated an enforcement procedure against the debtor. As a result of the suspension, the disposition of the debtor's assets is de jure forbidden. A suspension of enforcement proceedings may be also requested following the issuance of the final decision, provided that an appeal was lodged by the debtor.

Proper performance by the debtor of the obligations under the settlement plan releases the debtor from any remaining unpaid balance of the claims, including claims of creditors who had not announced their claims. On application by the debtor, the court certifies such release. If the debtor delays performance of the

obligations under the settlement plan for more than three months or otherwise disputes the settlement plan, the court may order cancellation of the settlement plan, upon the application of any harmed creditor submitted within four months of the breach. A cancellation has the effect of restoring the claims to the amount prior to ratification of the settlement plan, subject to deduction of any amount paid by the debtor.

The rights of creditors against co-borrowers or guarantors of the debtor as well as rights in rem of the secured creditors are not affected. Co-borrowers, guarantors or other beneficiaries have no rights of recourse against the debtor for any amount paid by them. The rights of secured creditors over the secured assets are not affected.

### **Additional Reporting Requirements for the Credit Institutions**

Following the adoption of Basel II guidelines, the Governor of the Bank of Greece issued Act No. 2606 of 21 February 2008, determining the new reporting requirements for credit institutions in Greece. This Act was initially replaced by Act 2640 of 18 January 2011, and subsequently by Act 2651 of 20 January 2012. The requirements include the following reports:

- Share capital structure, special participations, persons who have a special affiliation with the credit institution and loans or credit exposures to persons with a special affiliation with the credit institution;
- Other types of credit that have been provided to persons with a special affiliation with the credit institution;
- Own funds and capital adequacy ratio;
- Credit risk, counterparty risk and delivery settlement risk;
- Market risks of the trading portfolio and foreign exchange risk;
- Information on the composition of the financial instruments portfolio;
- Operational risk;
- Large exposures and concentration risk;
- Liquidity risk;
- Interbank market data;
- Financial statements and financial information;
- Covered bonds;
- Internal control systems;
- Prevention and suppression of money laundering and terrorist financing;
- Information technology systems; and
- Other information.

Furthermore, by virtue of Act No. 2670 of 7 March 2014, the Issuer must submit to the Bank of Greece periodic statements of its large exposures per country and wider economic and geographic zone.

The Issuer periodically submits to the Bank of Greece a full set of regulatory reports both at the Issuer and the Group level. The Issuer periodically submits to the Bank of Greece a full set of regulatory reports both at the Issuer and the Group level. Furthermore, under CRD IV and according to Implementing Regulation (EU) No. 680/2014 of the Commission of 16 April 2014, as amended by Implementing Regulation No. 2015/79 of the Commission of December 2014 and Implementing Regulation No. 2015/227 of the Commission of 9 January 2015 the Issuer submits reports to the competent authorities on a monthly, quarterly, semi-annual and annual basis in relation to the following sectors:

- (a) Own funds requirements and financial information according to Article 99 of the CRR;
- (b) Losses stemming from lending collateralised by immovable property according to Article 101(4)(a) of the CRR;
- (c) Large exposures and other largest exposures according to Article 394(1) of the CRR;
- (d) Leverage ratio according to Article 430 of the CRR;
- (e) Liquidity Coverage requirements and Net Stable Funding requirements according to the CRR; and
- (f) Asset encumbrance according to Article 100 of the CRR.

### **Capital Requirements in Our Foreign Markets**

The United Kingdom and Serbia fully adopted the Basel II framework as of 1 January 2008 and 1 January 2012, respectively. Romania, Bulgaria and Cyprus, in their capacity as EU members, have already adopted the Basel II framework as of 1 January 2008. Romania, Cyprus, Bulgaria and the United Kingdom have also transposed CRD IV as of 1 January 2014.

### **Deposit and Investment Guarantee Fund**

Pursuant to Greek Law 3746/2009 as in force, the Hellenic Deposit and Investment Guarantee Fund (the **HDIGF**) was established as a private law entity and a general successor of the Deposit Guarantee Fund provided for by Article 2 of Greek Law 2832/2000. The HDIGF has its registered seat in Athens, is supervised by the Minister of Finance, is not a state organisation or public legal entity and does not belong to the Greek public sector or the broader Greek public sector, as the latter is defined from time to time. The HDIGF is managed by a seven-member board of directors the Chairman of which is one of the Deputy Governors of the Bank of Greece. Of the remaining six members, one comes from the Ministry of Finance, three from the Bank of Greece and two from the Hellenic Bank Association. When reviewing and taking decisions in respect of requests for a credit institution's resolution under the BRR Law, the Board of Directors is constituted only by five directors, i.e. without the participation of the two directors appointed by the Hellenic Bank Association. Members of the above board of directors are appointed by a decision of the Minister of Finance and have a five-year tenure. 60% of HDIGF's constitutive capital was covered by the Bank of Greece and 40% by the members of the Hellenic Bank Association.

The objective of the HDIGF is to indemnify (1) depositors of credit institutions participating in the HDIGF obligatorily or at their own initiative that are unable to fulfil their obligations towards their depositors and (2) investors-customers of credit institutions participating in the HDIGF obligatorily or at their own initiative, in relation to the provision of investment services from these credit institutions in case the latter are unable to fulfil their obligations from the provision of "covered investment services". Greek Law 4021/2011 expanded the HDIGF's scope, to cover the provision of financing to credit institutions placed under the resolution measures of articles 38 and 40 of Greek Law 4335/2015 (replacing articles 141 and 142 of Greek Law 4261/2014 by virtue of paragraph 1 of article 130 of Greek Law 4335/2015, which had previously replaced articles 63D and 63E of Greek Law 3601/2007 by virtue of article 166 of Greek Law 4261/2014). Thus, apart from the already existing Deposit Cover Scheme and Investment Cover Scheme, a



Resolution Scheme was further established and funded by contributions from credit institutions. With the exception of the Loan and Consignment Fund, all authorised credit institutions in Greece are obliged to participate in the Deposit Cover Scheme and the Resolution Scheme, and with the further exception of credit institutions that at the date Greek Law 3746/2009 entered into force participated in the Athens Stock Exchange Members Guarantee Fund of Greek Law 2533/1997, as in force, all authorised credit institutions in Greece that provide at least one "covered investment service", as these are defined in Greek Law 3746/2009, are obliged to participate in the Investment Cover Scheme.

The maximum coverage level for each depositor is €100,000, taking into account the total amount of its deposits with a credit institution minus any due and payable obligations towards the latter. This amount is paid in euros to each depositor as an indemnity irrespective of the number of accounts, the currency or the country of operation of the branch in which it holds the deposit. In case of joint bank accounts, as defined by Law 5638/1932 (Government Gazette 307/A), each depositor's share shall be taken into account for the purposes of the calculation of the maximum indemnification amount as a separate deposit and is entitled to cover up to the aforementioned limit with his or her other deposits, as analysed above. In the event that the relative proportions of joint account holders in an account have not been specified, for the purposes of compensation, each joint account holder is considered as having an equal share of the value in the account. The deposit of a group of persons without legal personality shall be aggregated and treated as if made by a single depositor for the purpose of calculating the abovementioned limits.

The HDIGF also indemnifies the investors-clients of credit institutions participating in the Investment Cover Scheme with respect to claims from investment services falling within the scope of Greek Law 3746/2009, up to the amount of €30,000 for the total of claims of such investor, irrespective of covered investment services, number of accounts, currency and place of provision of the relevant investment service. In case the investors of HDIGF member credit institutions are co beneficiaries of the same claim to guaranteed investment services, each investor's share in the claim shall be taken into account for the purposes of the calculation of the maximum indemnification amount as a separate claim and is entitled to cover up to the aforementioned limit in aggregate with his or her other investment claims, as analysed above. If the part of the claim corresponding to each co beneficiary is not specified in the agreement signed by the co beneficiaries and the HDIGF member credit institution, for the purposes of compensation each co beneficiary is considered as having an equal share in the investment. For the purposes of compensation, the claim of a group of persons without legal personality shall be treated as if made by a single investor.

The HDIGF is funded by the following sources: its founding capital, the initial and annual contributions of credit institutions obligatorily participating in the HDIGF and supplementary contributions, as well as special resources coming from donations, liquidation of the HDIGF's claims, the management of the assets of the HDIGF's Deposit and Investment Cover Schemes and loans.

In accordance with article 16 of Greek Law 3864/2010, as amended by Greek Law 4340/2015, the HDIGF may be granted a resolution loan, as set out in the Financial Facility Agreement dated 19 August 2015, by the Hellenic Financial Stability Fund for the purpose of covering expenses relating to the financing of banks' resolution pursuant to the provisions of the aforementioned Financial Facility Agreement without prejudice to the state aid rules of the European Union.

Directive 94/19/EC as amended among others by Directive 2009/14/EC on deposit guarantee schemes in the EU was repealed by Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes which will enter gradually into force in the EU creating a harmonised approach to deposit guarantees across all Member States. The harmonisation seeks to align the schemes, particularly with regard to scope of covered deposits, and also requires a faster pay-out and amend the current funding mechanisms. Directive 2014/49/EC has not yet been transposed into Greek law.

## Single Resolution Fund

On November 30, 2015, by virtue of Greek law 4350/2015, the Greek Parliament ratified the Intergovernmental Agreement "on the transfer and mutualisation of contributions to the Single Resolution Fund (SRF), an essential part of the Single Resolution Mechanism" (the IGA), concluded between 26 EU Member States (the Contracting Parties), including Greece, on 21 May 2014, as amended on 22 April 2015.

Pursuant to IGA the contracting EU Member States, the credit institutions of which participate in the SRM and SSM, undertook to:

- (a) irrevocably transfer contributions collected at national level through the resolution financing arrangements for the purpose of their resolution schemes (in Greece the Resolution Fund, namely the Resolution Scheme of the HDIGF) from the credit institutions authorised within their territory, pursuant to Regulation (EU) No. 806/2014 and Directive No. 2014/59/EU, to the SRF established by the aforementioned Regulation;
- (b) allocate such contributions to separate parts corresponding to each Contracting Party, for a transitional period commencing on the date IGA enters into force and ending on the date the SRF achieves the target level of financing provided for in article 69 of Regulation (EU) No. 806/2014, but no later than 8 years from the entry into force of IGA. The use of the different national parts shall be gradually rendered mutual, in order for the separation to cease to exist by the end of the transitional period.

The above-mentioned contributions shall include: (i) the ex-ante annual contributions from the credit institutions authorised within each Member State's territory the latest until the 30 June of such year, the first transfer taking place the latest until the 30 June 2016; (ii) contributions collected by the contracting parties pursuant to articles 103 and 104 of the BRRD prior to the entry into force of IGA, minus the amount the national resolution arrangements may have used prior to the entry into force of IGA for resolution actions within their territories; and (iii) extraordinary ex-post contributions promptly upon their collection, where the available financial means of the SRF are not sufficient to cover the losses, costs or other expenses incurred by the use of the SRF in resolution actions.

IGA further provides for the way the separate national parts of contributions of the SRF are formed based on the amount of contributions paid by the institutions authorised within each Member State as well as the way each national part shall be used in case of recourse to the SRF for resolution purposes of an institution within a Member State's territory prior to the mutualisation of the SRF's contributions. Also, IGA provides for the "temporary transfer of contributions" between the separate national parts, namely the cases under which the contracting Member States may require to use the contributions of parts of the SRF corresponding to other Member States and not yet mutualised during the transitional period.

## Prohibition of Money Laundering and Terrorist Financing

Greece, as a member of the Financial Action Task Force (FATF) and as a Member State of the EU, fully complies with FATF recommendations and the relevant EU legal framework.

In August 2008, the Greek Parliament adopted Greek Law 3691/2008 on the prevention and suppression of money laundering and terrorist financing, which transposed into Greek law the provisions of Directive 2005/60/EC of the European Parliament and of the Council and Directive 2006/70/EC of the European Commission. The main provisions of Greek legislation on money laundering and terrorist financing are as follows:

- A declaration that money laundering and terrorist financing are criminal offenses;

- Definition of persons falling within the ambit of Greek Law 3691/2008, including, among others, credit institutions, financial institutions and certain insurance undertakings;
- A requirement that credit institutions (and certain other persons) shall, *inter alia*, identify customers, introduce know-your-customer (KYC) procedures, retain documents and report suspicious transactions to the relevant authorities;
- Restrictions relating to banking confidentiality that do not apply to money laundering activities;
- The establishment of an Authority for Combating Money Laundering and Terrorist Financing and for Auditing Financial Status Reports that shall be responsible for implementing the necessary measures for the prevention and combating of money laundering and terrorism financing, as well as for auditing the financial status reports filed by the persons provided for in Article 1 of Greek Law 3213/2003. The Authority is an administratively and operationally independent organisation and a senior prosecutor is appointed as its chairman; and
- The establishment of a Committee for Processing Strategy and Policies for the combating of money laundering and terrorism financing. The Committee consists of senior officers/executives of, among others, various ministries, the Bank of Greece, the Hellenic Capital Market Commission (**HCMC**), tax authorities and the police.

According to the provisions of Greek Law 3842/2010, Greek Law 4042/2012 and Greek Law 4174/2013, tax evasion, smuggling and non-payment of debts to the State have been added to the criminal activities provided for in Greek Law 3691/2008.

The Banking and Credit Committee of the Bank of Greece has issued Decision 281/5/17.03.2009 on the "Prevention of the Use of the Credit and Financial Institutions, which are Supervised by the Bank of Greece, for the Purpose of Money Laundering and Terrorist Financing", Decision 285/6/09.07.2009 which sets out an indicative typology of unusual or suspicious transactions within the meaning of Greek Law 3691/2008 and Decision 290/12/11.11.2009 on the "Framework regarding administrative sanctions imposed on the institutions that are supervised by the Bank of Greece pursuant to article 52 of Greek Law 3691/2008". The aforementioned Decisions 281/5/17.03.2009 and 285/6/09.07.2009 were amended by the Act of the Governor of the Bank of Greece No. 2652/29.02.2012 providing for, *inter alia*, an indicative typology of unusual or suspicious transactions pertaining to tax evasion. Moreover, Decisions 281/5/17.03.2009 and 290/12/11.11.2009 were further supplemented by Decision 300/30/28.07.2010 of the Banking and Credit Committee of the Bank of Greece setting out further obligations of the credit institutions under the anti-money laundering legislation.

Decision 281/5/17.03.2009 takes into account the principle of proportionality, and includes the obligations of all credit and financial institutions and FATF recommendations. This decision also reflects the common understanding of the obligations imposed by Regulation No. 1781/2006 of the European Parliament and of the Council of the European Union on the "Information on the Payer Accompanying Transfers of Funds".

The HCMC adopted the following decisions in 2011:

- Decision No. 34/586/26.5.2011 for the application of due diligence measures when outsourcing functions or within an agency relationship under the anti- money laundering legislation, which sets out the obligations of financial institutions to confirm the identity of their clients and beneficiaries; and
- Decision No. 35/586/26.5.2011, which modifies the HCMC's main decision (No. 01/506/08.04.2009) to prevent using the financial system for the purpose of money laundering and terrorist financing. The above decision has reinforced the enhanced due diligence measures applicable to high-risk

customers, as well as the obligation of companies, subject to it, to freeze the assets of persons who are in the list of sanctions.

In July 2002, Greek Parliament voted Greek law 3034/2002, which transposed into Greek law the International Convention for the Suppression of the Financing of Terrorism, with which the Group fully complies. In addition, the Group has complied with the United States legislation regarding the suppression of terrorism (known as **USA PATRIOT Act 2001**), which entered into force in October 2001 and incorporates provisions relating to banks and financial institutions with respect to worldwide money laundering.

In 2013, the Bank of Greece issued two Decisions (no. 94/23/2013 and no. 95/10/22.11.2013) which further strengthen the regulatory framework within which the supervised entities in Greece operate. Decision no. 95/10/22.11.2013 on "*information to be periodically disclosed by supervised institutions to the Bank of Greece*" was further amended by Decision no. 108/1/04.04.2014, enhancing the frequency of reporting. The amendments mainly harmonise the applicable provisions to the revised FATF recommendations with respect to Politically Exposed Persons (**PEPs**) by categorising local PEPs as high risk customers and by imposing on the supervised banks additional reporting obligations pertaining to suspicious cross border transfer of funds, as well as to high risk banking products and customers.

Directive (EU) 2015/849 (required to be transposed into national law on or before 26 June 2017) on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 and repealing Directive 2005/60/EC and Directive 2005/60/EC, as well as Regulation 2015/847 (which will come into force on 26 June 2017) on information accompanying transfers of funds, repealing Regulation (EC) No 1781/2006, are intended to strengthen EU rules against money laundering and ensure consistency with the approach followed at international level.

### **Payment Services in the Internal Market**

Directive 2007/64/EC of the European Parliament and of the Council on payment services in the internal market (the **Payment Services Directive** or **PSD**) provides for common rules on electronic payments (e.g. payments through the use of debit card or money transfers) in 31 European countries (i.e. countries of the EU, Iceland, Norway and Lichtenstein). The PSD regulates in detail the information that must be provided to the users of the payment services and renders the payments faster and more secure. It also permits to the new entities called "payment institutions" to provide payment services in parallel to banks as "payment services providers". The PSD covers any kind of payment through electronic means, from transfer of credit and direct charge orders to payments through the use of a card (including credit cards), wire transfers and payments through the use of a mobile phone and internet, excluding the payments with cash and checks. Payments in every European currency, not only euro, are covered, under the condition that the payment service providers of both the payer and the payee are located in one of the 31 European countries.

The PSD, together with Directives 2007/44/EC and 2010/16/EU, have been transposed into Greek law by Greek Law 3862/2010, as in force, in accordance with which every payment service provider, including the Issuer, is obliged to ensure in an accessible form a minimum level of information and transparency regarding the provided payment services, under specific terms and conditions. The new legislative regime also provides further protection regarding the rights of the users of the payment services.

Customers have the right to reclaim the amount of money transferred in cases where:

- Unauthorised credit of the customer's account was used for the purchasing of products or services;
- Authorised credit of the customer's account for the purchase of products or services, that (a) did not mention the exact amount of the payment transaction and (b) the amount of the payment transaction exceeded the amount reasonably expected by the customer, taking into account previous spending patterns, the Framework Contract's terms and the circumstances of the specific case; or

- There was a non-execution or defective execution of the payment transaction by the Issuer.

A revision of the Payment Services Directive is underway. To this end, on 8 October 2015, a new payment services directive has been adopted by the European Parliament and is expected to be formally adopted by the European Council in the near future. The European Council has also adopted Regulation 2015/751 on interchange fees for card-based payment transactions.

### **Consumer Services**

Credit institutions in Greece are subject to legislation aiming at protecting consumers from abusive terms and conditions. In particular, Greek Law 2251/1994, as in force, sets forth rules on the marketing and advertisement of consumer financial services, prohibits unfair and misleading commercial practices and includes penalties for violations of such rules and prohibitions.

In addition, consumer protection issues are regulated through administrative decisions, such as Ministerial Decision Z1 798/2008 (Government Gazette Issue B' 1353/11.07.2008) on the prohibition of general terms which have been found to be abusive by final court decisions, as amended by Ministerial Decisions Z1-21/2011 (Government Gazette Issue B' 21/18.01.2011) and Z1-74/2011 (Government Gazette Issue B' 292/22.02.2011).

Further to the above, Directive 2008/48/EC of the European Parliament and of the Council of Europe on "*credit agreements for consumers and repeal of Council Directive 87/102/EEC*" provides for increased consumer protection in the context of consumer credit transactions and prescribes, among others, the inclusion of standard information in advertising and the provision of pre-contractual and contractual information to consumers.

The aforesaid Directive was transposed into Greek legislation by Ministerial Decision Z1-699/2010 (Government Gazette Issue B' 917/23.06.2010) with effective date 23 June 2010. The said Ministerial Decision provides for increased consumer protection in the context of consumer credit transactions and prescribes, among others, the inclusion of standard information in advertising and the provision of pre-contractual and contractual information to consumers. Ministerial Decision Z1 699/2010 was amended by Ministerial Decision Z1-111/2012 (Government Gazette Issue B' 627/2012) that transposed into Greek Law European Directive 2011/90/EU providing additional assumptions for the calculation of the annual percentage rate of charge.

The Decision Z1-699/2010, as amended and in force, contains specific provisions regarding the provision of standard information for the advertising of credit agreements, and the minimum information that should be provided to consumers so as to enable them to compare different offers. In order for the consumers to make informed decisions, they must receive adequate information in a clear and precise manner through standard information that should be available to them prior to execution of the agreement, including, among others, the total amount of credit, the terms governing money withdrawals, duration, interest rate, and relevant examples. The credit agreements should be executed in writing or by any other relevant means.

Before the conclusion of the credit agreement, the creditor assesses the consumer's creditworthiness and solvency on the basis of sufficient information, where appropriate obtained from the consumer during the pre-contractual stage, but also on the information provided by the consumer during a long-term transactional relationship, and after research on the proper data base, in accordance with the special provisions for the supervision of credit and financial institutions.

Consumers have the right to withdraw from their contracts within fourteen (14) days without providing any justification. In order to withdraw from their contracts, consumers must inform the creditor and pay the principal and any accrued interest calculated from the date of the granting of the credit up to the date of its repayment, without any undue delay and at the latest within thirty (30) days from the date of notification to the creditor. Consumers have the right to fulfil the entirety or part of their obligations before the date

specified in the agreement. In case of early partial or full repayment, creditors are entitled to a reasonable and objectively justified compensation for any expenses directly related to the early repayment of the credit, provided that such early repayment is taking place within the time period for which a fixed interest has been agreed.

Finally, Act No. 2501/2002 of the Governor of the Bank of Greece, as in force, sets out fundamental disclosure obligations of credit institutions operating in Greece *vis à vis* any contracting party.

### **Equity Participation by Banks in Other Companies**

The Banking Law does not contain any provision regarding the equity participation of banks in other companies. Article 89 of the CRR provides that the competent authorities of member states must publish their choice among the available options included in such article in relation to the conditions applicable to the acquisition by credit institutions of a qualified holding in other companies.

The Bank of Greece has not published its choice as per the above to this date.

According to the Act of the Governor of Bank of Greece No. 2604/04.02.2008, issued by authorisation of the now abolished Law 3601/2007 for the acquisition by credit institutions of qualifying holdings in the share capital of undertakings in the financial sector, as amended by Decision 281/10/17.03.2009 of the Banking and Credit Committee of the Bank of Greece, credit institutions were required to obtain the Bank of Greece's prior approval to acquire or increase a qualifying holding in the share capital of credit institutions, financial institutions, insurance and reinsurance companies, investment firms, information technology management companies, real estate property management companies, asset and liability management companies, payment systems management companies, external credit assessment institutions and financial data collection and processing companies. The extent to which the above act remains applicable following the entry into force of the Banking Law is unclear.

Subject to EU regulations, new and significant holdings (concentrations) must be reported to the Greek Competition Commission according to Greek Law 3959/2011 and must be notified to the European Commission, provided that they have community dimension within the meaning of Regulation No. 139/2004 on the control of concentrations between undertakings, following the procedure set in such Regulation (as supplemented by Regulation No. 802/2004).

The HCMC and ATHEX must also be notified once certain ownership thresholds are exceeded with respect to listed companies according to Greek Law 3556/2007 and the relevant decisions of the HCMC and the ATHEX Regulation.

### **Equity Participations in Greek Credit Institutions**

Article 23 of the Banking Law provides for a specific procedure by which the Bank of Greece is notified of the intention of an individual or a legal entity to acquire a participation reaching or exceeding the thresholds set by such article (namely, 20%, 1/3, 50% or the threshold required for the credit institution to become a subsidiary of the acquirer) of the percentage of the total share capital or voting rights of a credit institution authorised by the Bank of Greece, including the appraisal of the acquirer or the approval, as the case may be of the above acquisition. It is noted that the notification obligation exists also in case an individual or a legal entity decides to cease holding directly or indirectly a participation in a credit institution seated in Greece or to reduce an existing participation below the above thresholds. As of 4 November 2014 the above supervisory authorities of the Bank of Greece are exercised by the ECB in collaboration with the Bank of Greece.

Executive Committee Act No. 22 of Bank of Greece, issued on 12 July 2013, as in force, codifies the provisions regarding the authorisation of credit institutions in Greece and the acquisition of a qualifying holding in a credit institution. Furthermore, this act specifies the necessary information for the prudential

assessment of the proposed shareholders, the proposed members of the management body and the proposed key function holders of a credit institution by the Bank of Greece under the EBA guidelines. Moreover, according to Executive Committee Act No. 48 of Bank of Greece, issued on 24 March 2015, the aforementioned information should be accompanied by appropriate privacy statements included in this Act concerning personal data processing. Given that: (a) no other implementing act(s) of the relevant provisions of Greek Law 4261/2014 has been issued as of the date of this Offering Circular and (b) that the provisions of this Act, do not appear to be at any point contradictory to the relevant provisions of Greek Law 4261/2014, the provisions of the Executive Committee Act No. 22 of Bank of Greece shall be considered as applicable and in force, pursuant to article 166 para. 2 of Greek Law 4261/2014.

As at 4 November 2014, the supervisory tasks described above were conferred to the ECB in cooperation with the Bank of Greece, according to the provisions of Regulation 468/2014.

### **The Hellenic Republic Bank Support Plan**

In November 2008, the Greek Parliament passed Greek Law 3723/2008 setting out the Hellenic Republic Bank Support Plan initially at the amount of €28 billion and following increases thereof, at the amount of €98 billion. The law was passed with the goal of strengthening Greek banks' capital and liquidity positions in an effort to safeguard the Greek economy from the adverse effects of the international financial crisis. The Hellenic Republic Bank Support Plan was revised and supplemented by further Greek laws and ministerial decisions.

The Hellenic Republic Bank Support Plan, as currently applicable, is comprised of the following three (3) pillars:

- *Pillar I: up to €5 billion in non-dilutive capital designed to increase Tier I ratios.* The capital took the form of non-transferable redeemable Preference Shares with a 10% fixed return. The deadline for the participation of credit institutions in Pillar I expired on 31 December 2013. Pursuant to article 1 of Greek Law 4093/2012, the above 10% fixed return is payable in any case, notwithstanding the provisions of Greek Codified Law 2190/1920 as in force, save for Article 44A of Greek Codified Law 2190/1920, unless the payment of the relevant amount would result in the reduction of the Core Tier I capital of the credit institution below the prescribed minimum limit. The issuance price of the Preference Shares was the nominal value of the common shares of the last issuance of each bank.

The shares are redeemed at the subscription price either within five years from their issuance or, at the election of a participating bank, earlier with the approval of the Bank of Greece. In accordance with section/paragraph 1 of Ministerial Decisions 54201/B2884/2008, as amended by Ministerial Decision 21861/1259B/2009 (Government Gazette Issue B 825/4.5.2009) and 5209/13237/3.2.2012, the Preference Shares are redeemed in their original subscription price for Greek government bonds or cash of equal value. At the time the Preference Shares are redeemed for Greek government bonds, the nominal value of the bonds must be equal to the initial nominal value of the bonds used for the subscription of the Preference Shares. Moreover, the maturity of the bonds should be the redemption date or within a period of up to three months from this date. In addition, on the redemption date for the Preference Shares, the market price of the bonds should be equal to their nominal value. If this is not the case, then any difference between their market value and their nominal value shall be settled by payment in cash between the credit institution and the Greek government. On the date of redemption, the fixed dividend return (10%) will also be paid to the Hellenic Republic.

Preference Shares are not mandatorily redeemable. However, if the Preference Shares are not redeemed within five years from their issuance or if the participating credit institution's general meeting has not approved their redemption, the Greek Minister of Finance will impose, pursuant to a recommendation by the Bank of Greece, a gradual cumulative increase of 2% per year on the 10%

fixed return provided for during the first five years from the issuance of the shares to the Hellenic Republic. Pursuant to Article 1, paragraph 1, subparagraph 3 of Greek Law 3723/2008 as supplemented by Decision No. 54201/B2884/2008 of the Minister of Finance on the share conversion terms, the banks may be required to convert the Preference Shares into common shares or another class of shares if the redemption of the Preference Shares as described above is impossible, due to non-compliance with the capital adequacy ratio requirements set by the Bank of Greece. The conversion ratio will only be determined at the time of conversion on the basis of the average value of such shares during the last year of their trading and the full dilutive effect of any such conversion will therefore only be known at that time. In case of liquidation of the participating bank, the Hellenic Republic is preferentially ranked against all other shareholders.

Pursuant to article 3 of Cabinet Act no. 36 dated 2 November 2015, the preference shares issued under the Hellenic Republic Bank Support Plan are subject to the burden sharing measures provided for under article 6a of Greek law 3864/2010. Pursuant to articles 6a and 7a of Greek law 3864/2010, as amended by Greek law 4340/2015, in case of conversion of the preference shares issued under the Hellenic Republic Bank Support Plan into Ordinary Shares of a credit institution under article 6a of Greek law 3864/2010, the ownership of such Ordinary Shares is transferred by operation of law to the HFSF and such Ordinary Shares will have full voting rights.

- *Pillar II: up to €85 billion in Hellenic Republic guarantees.* These guarantees will guarantee new borrowings (excluding interbank deposits) to be concluded until 31 December 2015 (whether in the form of debt instruments or otherwise) and with a maturity of three months to three years. These guarantees will be granted against commission and collateral sufficient at the discretion of the Bank of Greece to banks that meet the minimum capital adequacy requirements set by the Bank of Greece as well as criteria set forth in Decision No. 54201/B2884/2008 of the Minister of Finance, as in force, regarding liquidity, capital adequacy, market share size, amount and maturity of liabilities and share in the SME and mortgage lending market. The terms under which guarantees will be granted to financial institutions are included in Decision Nos. 2/5121/2009, 29850/B. 1465/2010 and 5209/B.237/2012 of the Minister of Finance.
- *Pillar III: up to €8 billion in debt instruments.* The deadline for the participation of credit institutions in Pillar III expired on 30 June 2015. These debt instruments have maturities of less than three years and were issued by the PDMA to participating banks meeting the minimum capital adequacy requirements set by the Bank of Greece, against commission and collateral sufficient at the discretion of the Bank of Greece. These debt instruments bear no interest, were issued at their nominal value in denominations of €1,000,000 and are listed on the ATHEX. They were issued by virtue of bilateral agreements executed between each participating bank and the PDMA. The debt instruments must be returned at the applicable termination date of the bilateral agreement (irrespective of the maturity date of the debt instruments) or at the date Greek Law 3723/2008 ceases to apply to a bank. The debt instruments that are returned are eventually cancelled. The participating banks must use the debt instruments received only as collateral for refinancing, in connection with fixed facilities from the ECB and/or for purposes of interbank financing. The proceeds of liquidation of such instruments must be used to finance mortgage loans and loans to SMEs at competitive terms.

Participating banks that utilise either the capital or guarantee facility have a government-appointed member of the Board of Directors as state representative. Such representative is an additional member to the existing members of the Board of Directors and has veto power on strategic decisions or decisions resulting to a significant change in the legal or financial position of the participating bank and for which the shareholders' approval is required. The same veto power applies to corporate decisions relating to the dividend policy and the compensation of the Chairman, the Managing Director-CEO and the other members of the Board of Directors of the participating banks, as well as its General Directors and their deputies. However, the government-appointed representative may only utilise its veto power following a decision of the Minister of



Finance or if he considers that the relevant corporate decisions may jeopardise the interests of depositors or materially affect the solvency and effective operation of the participating bank. Moreover, the state appointed representative has full access to the participating bank's books and data, the reports for restructuring and viability, the plans for the medium-term financing needs of such bank as well as to reports on the level of financing of the Greek economy. In addition, participating banks are required to limit maximum executive compensation to that of the Governor of the Bank of Greece, and must not pay bonuses to senior management as long as they participate in the Hellenic Republic Bank Support Plan.

Also, during that period, dividend payouts for those banks is limited to up to 35% of distributable profits of the participating bank (at the parent company level). According to the provisions of Article 28 of Greek Law 3756/2009, as amended by Article 39, paragraph 4 of Greek Law 3844/2010 and in combination with the interpretative Circular No 20708/B/1. 175/23.4.2009 of the Minister of Economy and Finance, banks participating in the Hellenic Republic Bank Support Plan were allowed to distribute dividends to ordinary shareholders exclusively in the form of common shares for the financial years 2008 and 2009, which must not result from treasury shares, and may not purchase treasury shares. See "*Dividends and Dividend Policy*". Pursuant to Article 19 of Greek Law 3965/2011 and Article 4 paragraph 3(c) of Greek Law 4063/2012, the distribution of dividends for the financial years ended 2010 and 2011 was also restricted to share distributions, while pursuant to Greek Law 4144/2013 and Law 4261/2014, the same restriction applied with respect to the financial years 2012 and 2013 respectively.

Furthermore, according to Article 28 of Greek Law 3756/2009, during the period of the credit institutions' participation in the plan to enhance liquidity according to Greek Law 3723/2008, the repurchase of the participating banks' treasury shares is forbidden. However, by virtue of Article 4(3a) of Greek Law 4079/2012 and notwithstanding the relevant provisions of Greek Codified Law 2190/1920, the prohibition above does not apply for the repurchase of preference equity shares that have been issued as redeemable, if this acquisition is intended to strengthen the Core Tier I capital of participating banks, as determined by generally applicable decisions of the Bank of Greece, and if the Bank of Greece has granted its consent.

To monitor the implementation of the Hellenic Republic Bank Support Plan, Greek Law 3723/2008 provided for the establishment of a supervisory council (the **Council**). The Council is chaired by the Minister of Finance. Members include the Governor of the Bank of Greece, the Deputy Minister of Finance, who is responsible for the Greek General Accounting Office, and the government-appointed representative at each of the participating banks. The Council convenes on a monthly basis with a mandate to supervise the correct and effective implementation of the Plan and ensure that the resulting liquidity is used for the benefit of the depositors, the borrowers and the Greek economy overall. Participating banks which fail to comply with the terms of the Plan will be subject to certain sanctions, while the liquidity provided to them may be revoked in whole or in part following a decision by the Minister of Finance after the recommendation by the Governor of the Bank of Greece.

### **Monitoring Trustee**

In terms of the Program, the Hellenic Republic undertook a series of commitments towards the European Commission regarding Greek banks under restructuring, including the appointment of a Monitoring Trustee, who acts on behalf of the European Commission and aims to ensure the compliance of the Issuer with the aforementioned commitments, which are in force during the period of the restructuring plan as approved by the HFSF and the EU. In particular, and with regard to the Issuer, the commitments have been undertaken from 16 January 2013 (the date on which the Monitoring Trustee was appointed, namely Mazars LLP) and will be in force during the period of the restructuring plan of the Issuer. Pursuant to the request by the Directorate General for Competition of the European Commission (**DG Comp**) dated September 21, 2015, the Issuer has revised its restructuring plan to reflect the current conditions of the targeted and completed recapitalisation of the Issuer. The revised restructuring plan, which has been submitted to the DG Comp and the HFSF was approved on November 26, 2015, includes additional cost-saving measures to be implemented by the Issuer. In principle, said commitments refer to the Issuer and its subsidiaries in Greece. Briefly, the commitments refer to the following: (a) the assurance of an effective and sufficient system of corporate

governance pursuant to the corporate law and the supervision rules of the Bank of Greece and the HFSF, (b) the implementation of a credit policy which ensures the equal treatment of creditors, including persons affiliated with the Issuer, supervision of implementation of the credit policy by means of appropriate instruments for risk monitoring, incorporation in the credit policy of rules for the pricing policy of loans as well as rules for restructuring or rescheduling of loans; (c) implementation of pricing policy of deposits which enhances the viability and profitability of the Issuer; (d) implementation of balance policy for decrease of the operational costs for the purpose of enhancing the long-term profitability without adverse effect on the Issuer's operation and the level of services provided to clients; (e) Alignment of the employees remuneration policy with the policy of costs management and adoption of best practices pursuant to international standards for management of risks; (f) restriction on acquisitions of other companies (acquisition ban); acquisitions effected following consent by the DGComp for assuring financial stability or effective competition, are excluded; furthermore, acquisitions against consideration of less than 0.01% of the total assets of the Issuer (or cumulatively less than 0.025% in case of more than one acquisition) as well as acquisitions in the context of banking activities for loans restructuring are excluded; (g) restriction on advertising of state aids granted to the Issuer.

In the opinion of the Issuer, it complies with the framework of the aforementioned commitments.

A possible breach of such commitments may result in additional measures aiming at compliance with the plan and/or a new review of the approval by the European Commission. The Issuer has no knowledge of other commitments except for the above mentioned.

Mazars LLP has been appointed as Monitoring Trustee for the Issuer having been previously approved from the EU.

### **Deferred Tax Assets (DTAs)**

Greek Law 4303/2014 introduced Article 27A to Law 4172/2013, which was further replaced by Law 4340/2015 (**DTA Framework**), to allow, under certain conditions, from 2017 onwards, credit institutions to convert DTAs falling within the scope of such law and arising from the PSI and from accumulated provisions and other general losses, with respect to existing amounts up to 30 June 2015, into final and due receivables from the Hellenic Republic (**Tax Credit**). In the case of an accounting loss in a specific year, the Tax Credit will be calculated by multiplying the total amount as per the above of the deferred tax asset by the percentage represented by the accounting losses over net equity before year's losses as appearing in the annual financial statements of the credit institution, excluding such year's accounting losses.

This legislation allows Greek credit institutions, to treat such eligible DTAs as not "relying on future profitability" according to CRD IV, and as a result such DTAs are not deducted from Common Equity Tier I capital but rather assigned a risk weight of 100%, thereby improving an institution's capital position. As of 30 September 2015, the Issuer's DTAs falling within the scope of the DTA Framework amounted to €3,397.5 million, comprising 77.8% of its total DTAs and 6.8% of RWAs.

The Tax Credit can be offset against income taxes payable. Any excess amount of the Tax Credit that cannot be offset against income taxes payable is immediately recognised as a receivable from the Hellenic Republic. In such case, the credit institution will issue conversion rights on its ordinary shares which will belong to the Hellenic Republic and correspond to common shares of the credit institution of a total market value equal to 100% of the Tax Credit prior to the set-off, and create a special reserve of an equal amount. The conversion price of the conversion rights will be based on the average trading price per share of the last 30 business days prior to the date that the Tax Credit becomes payable, weighted by trading volume. The exercise of such rights will take place without the payment of consideration. Existing shareholders will have, proportionate to their participation in the share capital of the credit institution, a call option on the conversion rights. Following the end of a reasonable period during which such option was not exercised, the rights are freely transferable.

The Extraordinary General Meeting of Shareholders of the Issuer held on 7 November 2014 approved the Issuer's submission in the scope of the DTA Framework, which will be applicable from the tax year 2017 onwards for Tax Credits arising from the tax year 2016.

In April 2015, the European Commission announced that it sent requests for information to Spain, Italy, Portugal and Greece regarding their treatment of DTAs for financial institutions under national law.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

### **Servicing and Cash Management Deed**

The Servicing and Cash Management Deed, made between the Issuer, the Trustee and the Servicer contains provisions relating to, *inter alia*:

- the Issuer's and Servicer's obligations when dealing with any cash flows arising from the Cover Pool and the Transaction Documents;
- the servicing, calculation, notification and reporting services to be performed by the Servicer, together with cash management services and account handling services in relation to moneys from time to time standing to the credit of the Transaction Account, the Collection Account and the Third Party Collection Account (if any);
- the terms and conditions upon which the Servicer will be obliged to try to sell in whole or in part the Loan Assets;
- the Issuer's right to prevent the sale of a Loan Asset to third parties by removing the Loan Asset made subject to sale from the Cover Pool and transferring within 10 Athens Business Days from the receipt of the offer letter, to the Transaction Account, an amount equal to the price set forth in such offer letter, subject to the provision of a solvency certificate;
- the covenants of the Issuer;
- the representations and warranties of the Issuer regarding itself and the Cover Pool Assets;
- the responsibilities of the Servicer following the service of a Notice of Default on the Issuer or upon failure of the Issuer to perform its obligations under the Transaction Documents; and
- the circumstances in which the Issuer or the Trustee will be obliged to appoint a new servicer to perform the Servicing and Cash Management Services.

### *Servicing*

Pursuant to the Servicing and Cash Management Deed, the Servicer has agreed to service the Loans and their Related Security comprised in the Cover Pool and provide cash management services.

The Servicer will be required to administer the Loans and their Related Security in accordance with the Issuer's administration, arrears and enforcement policies and procedures forming part of the Issuer's policy from time to time as they apply to those Loans.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the Issuer in relation to the Loans and their Related Security that it is servicing pursuant to the terms of the Servicing and Cash Management Deed, and to do anything which it reasonably considers necessary, convenient or incidental to the administration of the Loans and their Related Security.

### *Right of delegation by the Servicer*

The Servicer may from time to time subcontract or delegate the performance of its duties under the Servicing and Cash Management Deed, provided that it will nevertheless remain responsible for the performance of those duties to the Issuer and the Trustee and, in particular, will remain liable at all times for servicing the

Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor. Any such subcontracting or delegation may be varied or terminated at any time by the Servicer.

#### *Appointment of Replacement Servicer*

Upon the occurrence of any of the following events (each a **Servicer Termination Event**):

- default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing and Cash Management Deed and such default continues unremedied for a period of 3 Athens Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Trustee requiring the same to be remedied;
- default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing and Cash Management Deed, which is materially prejudicial to the interests of the Covered Bondholders and such default continues unremedied for a period of 20 Business Days after the Servicer becoming aware of such default, PROVIDED THAT where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 20 Athens Business Days of awareness of such default by the Servicer, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Trustee may approve to remedy such default;
- the occurrence of an Insolvency Event in relation to the Servicer; or
- the occurrence of an Issuer Event (where the Issuer and the Servicer are the same entity),

then at any time after the Trustee has received notice of any such Servicer Termination Event, the Trustee shall, following consultation with the Bank of Greece and while such Servicer Termination Event continues, use its reasonable endeavours to:

- (a) appoint an independent investment or commercial bank of international repute (the **Investment Bank**) to select an entity to act as a substitute servicer (the **Replacement Servicer**); and
- (b) by notice in writing to the Servicer terminate its appointment as Servicer under the Servicing and Cash Management Deed with effect from a date (not earlier than the date of the notice) specified in the notice.

In relation to any of the Servicer Termination Events listed above, any reference to the Servicer being "aware" of any matter, event or circumstance shall be satisfied if such matter, event or circumstance is actually known or ought to have been known to any member of the department of the Servicer with responsibility in respect of the obligations of the Servicer under the Servicing and Cash Management Deed.

In the event that Trustee does not appoint the Investment Bank or the Investment Bank does not select a Replacement Servicer or the Trustee does not appoint the entity selected by the Investment Bank to act as Replacement Servicer within a reasonable period of time, the Bank of Greece may appoint a Replacement Servicer or a special administrator or liquidator in respect of the Cover Pool Assets pursuant to Article 152.

The Trustee will not be required to appoint the nominated Replacement Servicer if (a) the Bank of Greece is in the process of appointing (i) a Replacement Servicer pursuant to Article 152 or (ii) an administrator or liquidator to the Issuer pursuant to Greek Banking Legislation or (b) the Trustee is informed by the Bank of Greece that it intends to take any such actions listed in in the Servicing and Cash Management Deed or to adopt other steps that are more appropriate in the circumstances to protect the interests of the Covered Bondholders.

**Insolvency Event** means in respect of the Servicer: (a) an order is made or an effective resolution passed for the winding up of the relevant entity; or (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or (c) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any substantial part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or against the whole or any substantial part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or (d) the Servicer is unable to pay its debts as they fall due; or (e) a creditors' collective enforcement procedure is commenced against the Servicer (including such procedure under Greek Bankruptcy Code (law 3588/2007), Greek law 4261/2014 and Greek law 3458/2006.)

other than where the Issuer or the Servicer is Alpha and any of the events set out in (a) to (c) above occurs in connection with a substitution in accordance with Condition 18.

The Trustee will not be obliged to act as servicer in any circumstances.

#### *The Cover Pool*

Pursuant to the Greek Covered Bond Legislation, the Issuer will be entitled to create the Statutory Pledge over:

- (a) certain eligible assets set out in paragraph 8(b) of Section B of the Bank of Greece Act No 2588/20-8-2007 "Calculation of Capital Requirements for Credit Risk according to the Standardised Approach" , as amended and in force, including, but not limited to, claims deriving from loans and credit facilities of any nature comprising the aggregate of all principal sums, interest, costs, charges, expenses, additional loan advances and other moneys (including, in case of any Subsidised Loans, any Subsidised Interest Amount due and owing with respect to such Subsidised Loan) and including the levy of Greek Law 128/1975 but excluding any third party expenses due or owing with respect to such loan and/or credit facilities provided that such loans and credit facilities are secured by residential real estate (the Loans) together with any mortgages, mortgage pre-notations, guarantees or indemnity payments which may be granted or due, as the case may be, in connection therewith (the Related Security and, together with the Loans, the Loan Assets). Following the entry into force of Regulation 575/2013 on 1 January 2014, the reference to paragraph 8(b) should be read as a reference to article 129 of Regulation 575/2013;
- (b) derivative financial instruments including but not limited to the Hedging Agreements satisfying the requirements of paragraph I.2(b) of the Secondary Covered Bond Legislation;
- (c) deposits with credit institutions (including any cash flows deriving therefrom) provided that such deposits comply with paragraph 8(b) of Section B of the Bank of Greece Act No. 2588/20-8-2007 as amended as of 21 December 2010 by the Bank of Greece Act No 2631/29-10-2010 and by the Bank of Greece Executive Committee Act 7/10.01.2013 (including the Transaction Account and the Reserve Ledger, but excluding the Collection Account); and
- (d) Marketable Assets, in accordance with the Bank of Greece Monetary Policy Council Act S4/27.2.2004, as amended and in force,

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

**Marketable Assets** has the meaning given to that term in the Act of the Monetary Policy Council of the Bank of Greece 54/27-2-2004, as amended and in force, and which are denominated in Euro and comply with the following requirements:

- (a) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the next Programme Payment Date;
- (b) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and
- (c) each of the debt securities or other debt instruments and the issuing entity or (in the case of debt securities or other debt instruments which are fully and unconditionally guaranteed on an unsubordinated basis) the guaranteeing entity are rated at least:
  - (i) either:
    - (A) the Fitch Minimum Rating by Fitch with regard to investments having a maturity of up to 30 days where the investment carries both a short-term and long-term rating; or
    - (B) AA- and F1+ by Fitch with regard to investments having a maturity of between 31 and 365 days; and
  - (ii) the Moody's Required Investments Rating by Moody's; and
  - (iii) either DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) by DBRS in respect of long-term debt or DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) by DBRS in respect of short-term debt with regard to investments having a maturity of up to 30 days or the DBRS Investment Ratings for investments having a maturity of over 30 days,

(A) provided that the rating levels and maturities of any Marketable Assets must satisfy Article 129(1)(c) of the Capital Requirements Regulation (EU) No. 575/2013 and (B) provided further that such investments may not consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time as being instruments in which funds underlying asset-backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.

The Servicer may include Marketable Assets in the Cover Pool in order to assess compliance with the Nominal Value Test, provided that (i) such assets constitute marketable assets in accordance with the Act of the Monetary Policy Council 54/2-7.2.2004; (ii) such assets additionally comply with the requirements for collateral for the covered bonds set out in paragraph I.2(a) of the Secondary Covered Bond Legislation; and (iii) the value of the Marketable Assets in the Cover Pool do not exceed the difference in value between the Principal Amounts Outstanding of Covered Bonds then outstanding and the nominal value of the cover assets plus accrued interest.

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

- (a) allocate to the Cover Pool Additional Cover Pool Assets for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests and/or maintaining the initial rating(s) assigned to the Covered Bonds provided that with respect to any Cover Pool Assets allocated after the Issue Date for the first Series of Covered Bonds which are New Asset Types, Moody's has provided confirmation in writing that the ratings on the Covered Bonds would not be adversely affected by, or withdrawn as a result of such allocation and Fitch and DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS) has been notified in writing of such allocation; and

- (b) prior to the occurrence of an Issuer Event and provided that no breach of any Statutory Test would occur as a result of such removal or substitution (i) remove Cover Pool Assets from the Cover Pool or (ii) substitute Cover Pool Assets with Additional Cover Pool Assets, provided that for any substitution of Additional Cover Pool Assets which are New Asset Types, Moody's has provided confirmation in writing that the ratings on the Covered Bonds would not be adversely affected by, or withdrawn as a result of such removal or substitution and Fitch and DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS) has been notified in writing of such removal or substitution (as the case may be).

**Additional Cover Pool Assets** means any further assets assigned to the Cover Pool by the Issuer in accordance with the Servicing and Cash Management Deed.

Any further assets added to the Cover Pool at the option of the Issuer in accordance with the above or by way of mandatory changes below shall form part of the Cover Pool.

**Minimum Credit Rating** means a long term credit rating of at least BB- by Fitch, Ba3 by Moody's and BB(low) by DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS).

#### *Statutory Tests*

Prior to the occurrence of an Issuer Event, the Servicer shall verify on each Applicable Calculation Date that, as at the last calendar day of the calendar month immediately preceding such Applicable Calculation Date, the Cover Pool satisfies the Statutory Tests, each of which are described below.

- (a) *The Nominal Value Test:* Prior to an Issuer Event the Issuer must ensure that on each Calculation Date falling in January, April, July and October of each year, the Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than 95 per cent. (or such percentage selected from time to time by the Issuer (or the Servicer acting on its behalf) and notified to the Rating Agencies in accordance with the Servicing and Cash Management Deed) of the nominal value of the Cover Pool (excluding for these purposes Loans in arrear of more than 90 days and any Loan in respect of which the Issuer is in breach of the Representations and Warranties given under the Servicing and Cash Management Deed and such Loan has not been removed from the Cover Pool by the Issuer) (as determined in accordance with the Servicing and Cash Management Deed). In order to assess compliance with this test, all of the assets comprising the Cover Pool shall be evaluated at their nominal value plus accrued interest but not including the Hedging Agreements.

For the purposes of calculating the nominal value of the Cover Pool, the value of any foreign assets comprised in the Cover Pool shall be converted into euro on the basis of the exchange rate published by the European Central Bank (ECB) on such Applicable Calculation Date as at the last calendar day of the immediately preceding calendar month.

- (b) *The Net Present Value Test:* Prior to an Issuer Event the Issuer must ensure that on each Calculation Date falling in January, April, July and October of each year, the net present value of liabilities under the Covered Bonds then outstanding is less than or equal to the net present value of the Cover Pool (excluding for these purposes any Loans in arrear of more than 90 days), including the Hedging Agreements (if included, at the discretion of the Issuer) as determined in accordance with the Servicing and Cash Management Deed.

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

In addition, the Issuer must ensure that on each Calculation Date falling in January, April, July and October of each year, the net present value of the Hedging Agreements are in aggregate less than or



equal to 15 per cent. of the nominal value (being principal) of the Covered Bonds plus accrued interest thereon.

For the purposes of calculating the net present value of the Cover Pool, all amounts denominated in a currency other than euro shall be converted into euro on the basis of the exchange rate published by the ECB as at the relevant Calculation Date.

- (c) *The Interest Cover Test:* Prior to an Issuer Event the Issuer must ensure that on each Calculation Date falling in January, April, July and October of each year, the amount of interest due on the Covered Bonds does not exceed the amount of interest expected (including, in respect of Subsidised Loans, for these purposes any Subsidised Interest Amounts that are expected to be received during such period) in respect of the assets comprised in the Cover Pool (excluding for these purposes Loans in arrear of more than 90 days) (including any Interest Rate Swap and any Covered Bond Swaps) in each case, during the period of 12 months from such Calculation Date.

**OEK** means the Greek Worker Housing Organisation as succeeded in full by the Manpower Employment Organisations (OAED) by virtue of Greek law 4144/2013 and other relevant legislation.

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

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

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

**State Subsidised Loans** means those Loans in respect of which the Greek State or any entity owned by the Greek State (other than the OEK) makes payment of Subsidised Interest Amounts pursuant to all applicable laws.

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

**Subsidised Loan** means any of the OEK Subsidised Loans, the State Subsidised Loans or the State/OEK Subsidised Loans.

*Sale of Selected Loans and their Related Security following an Issuer Event*

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

Prior to the Servicer making any offer to sell Selected Loans and their Related Security to third parties and provided that no Issuer Insolvency Event has occurred and is continuing, the Servicer will serve on the Issuer a loan offer notice in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Offer Notice**) giving the Issuer the right to prevent the sale by the Servicer of all or part of the Selected Loans to third parties, by removing all or part of the Selected Loans made subject to sale from the Cover Pool and transferring an amount equal to the then Outstanding Principal Balance of the relevant portion of the Selected Loans and the relevant portion of all arrears of interest and accrued interest relating to such Selected Loans to the Transaction Account.

If the Issuer validly accepts the Servicer's offer to remove all or part of the Selected Loans and their Related Security from the Cover Pool by signing the duplicate Selected Loan Offer Notice in a manner indicating acceptance and delivering it to the Trustee and the Servicer within 10 Athens Business Days from and including the date of the Selected Loan Offer Notice, the Servicer shall within three Athens Business Days of receipt of such acceptance, serve a selected loan removal notice on the Issuer in the form set out in the Servicing and Cash Management Deed (a **Selected Loan Removal Notice**). Any removal of part of the Selected Loans and their Related Security pursuant to such Selected Loan Removal Notice will be in accordance with the requirements set out under "*Method of Sale of Selected Loans*" below.

The Servicer shall offer for sale the Selected Loans and their Related Security in respect of which the Issuer rejects or fails within the requisite time limit to accept the Servicer's offer to remove the Loans and their Related Security from the Cover Pool in the manner and on the terms set out in the Servicing and Cash Management Deed.

Upon receipt of the Selected Loan Removal Notice duly signed on behalf of the Servicer, the Issuer shall promptly and in any event within two Athens Business Days (i) sign and return a duplicate copy of the Selected Loan Removal Notice, (ii) deliver to the Servicer and the Trustee a solvency certificate stating that the Issuer is, at such time, solvent and (iii) shall remove from the Cover Pool the relevant portion of the Selected Loans (as specified in the Selected Loan Removal Notice) (and any other Loan secured or intended to be secured by that Related Security or any part of it) referred to in the relevant Selected Loan Removal Notice and where that portion is less than all of the Selected Loans the Loans and the Related Security in the portion that is removed shall be chosen from the Selected Loans on a random basis. Completion of the removal of all or part of the Selected Loans by the Issuer will take place on the date specified in the Selected Loan Removal Notice (provided that such date is not later than the earlier to occur of the date which is (a) 10 Athens Business Days after receipt by the Servicer of the returned Selected Loan Removal Notice and (b) the Extended Maturity Date of the relevant Series of Covered Bonds) when the Issuer shall, prior to the removal from the Cover Pool of all or part of the relevant Selected Loans (and any other Loan secured or intended to be secured by that Related Security or any part of it), pay to the Transaction Account an amount in cash equal to the price specified in the relevant Selected Loan Removal Notice.

On the date of completion of the removal of all or part of the Selected Loans and their Related Security in accordance with the above, the Issuer shall ensure that the Selected Loans are removed from the Registration Statement.

Upon such completion of the removal of all or part of the Selected Loans and their Related Security in accordance with above or the sale of all or part of the Selected Loans and their Related Security to a third party or third parties, the Issuer shall cease to be under any further obligation to hold any Customer Files or other documents relating to the relevant removed or sold Selected Loans and their Related Security to the order of the Trustee and, if the Trustee holds such Customer Files or other documents, it will send them to the Issuer at the cost of the Issuer.

*Method of Sale of Selected Loans*

If the Servicer elects to or is required to sell Selected Loans and their Related Security to third-party purchasers following an Issuer Event which is continuing, the Servicer will be required to ensure that before offering Selected Loans for sale:

- (a) (unless the Selected Loans comprise the entire cover Pool):
  - (i) the Selected Loans have been selected from the Cover Pool on a random basis; and
  - (ii) following an Issuer Event but prior to a breach of the Amortisation Test, the Selected Loans to be sold in any sale together (i) constitute all Selected Loans in relation to the relevant Series of Pass Through Covered Bonds and/or Series of Accumulation Covered Bonds, as applicable; or (ii) where they do not constitute all Selected Loans in relation to all Series of Pass Through Covered Bonds and/or Accumulation Covered Bonds, the Servicer has determined that the sale of such Selected Loans is beneficial to the Issuer having taken into account the costs that will be incurred as a result of the sale;
- (b) the Servicer shall look to sell Selected Loans on or prior to the First Refinance Date and on or prior to each Refinance Date thereafter; and
- (c) the Selected Loans have an aggregate Outstanding Principal Balance in an amount (the **Required Outstanding Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

$$N \times \frac{\text{Outstanding Principal Balance of all Loans in the Cover Pool}}{\text{the Euro Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where N is an amount equal to the Euro Equivalent of the Required Redemption Amount of the relevant Series of Covered Bonds (being each series of Pass Through Covered Bonds, and any applicable Series of Accumulation Covered Bonds) less amounts standing to the credit of the Transaction Account (other than amounts standing to the credit of the Reserve Ledger) and the principal amount of any Marketable Assets or Authorised Investments (other than Authorised Investments acquired from amounts standing to the credit of the Reserve Ledger) (excluding all amounts to be applied to pay or provide for higher ranking amounts in the Pre Event of Default Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds and excluding any amounts standing to the credit of any Accumulation Ledger or which have been set aside to pay any Series of Covered Bonds) and all Sale Proceeds received from the sale of other Selected Loans or removal of Selected Loans under the right of pre-emption).

For the purposes hereof:

**Required Redemption Amount** means, in respect of a Series of Covered Bonds, the amount calculated as follows:

$$\text{the Principal Amount Outstanding of the relevant Series of Covered Bonds} \times (1 + \text{Negative Carry Factor} \times (\text{days to next Interest Payment Date on which the relevant Series can be redeemed (or, in respect of any Accumulation Bonds, the Final Maturity Date)} / 365))$$

Where **Negative Carry Factor** is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, not be less than 0.50 per cent.

**Euro Equivalent** means, in relation to a Series of Covered Bonds which is denominated in (a) a currency other than Euro, the Euro equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Series of Covered Bonds and (b) Euro, the applicable amount in Euro.

For the purposes of this section headed "*Method of Sale of Selected Loans*", reference to a relevant Series of Covered Bonds shall be a reference to one or more Series of Covered Bonds in respect of which the Servicer is required to sell Selected Loans, which shall for the avoidance of doubt, be all Series of Pass Through Covered Bonds and any applicable Series of Accumulation Covered Bonds.

The Servicer will offer the Selected Loans for sale to third parties for the best price reasonably available but in any event, for an amount not less than the Adjusted Required Redemption Amount.

The **Adjusted Required Redemption Amount** means the Euro Equivalent of the Required Redemption Amount, plus or minus (without double counting):

- (a) any swap termination amounts payable to or by the Issuer under a Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds less (where applicable) the principal balance of any Marketable Assets and Authorised Investments (excluding all amounts to be applied on the next following Programme Payment Date to pay or repay higher ranking amounts in the Pre Event of Default Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds and excluding any amounts standing to the credit of an Accumulation Ledger or which have been set aside to pay any Series of Covered Bonds) and all Sale Proceeds received from the sale of other Selected Loans or removal of Selected Loans under the right of pre-emption); and plus or minus;
- (b) any swap termination amounts payable to or by the Issuer under an Interest Rate Swap Agreement in respect of the relevant Series of Covered Bonds; plus
- (c) reasonable costs and expenses associated with sale of Selected Loans and their Related Security and the reasonable costs and expenses of the Portfolio Manager connected with the sale of Selected Loans and their Security.

Following the occurrence of an Issuer Event, the Servicer will as soon as possible and in any event within one calendar month of the First Refinance Date and, if applicable within one month of the occurrence of any further Refinance Date (if applicable), appoint a Portfolio Manager of recognised standing, and which is not an affiliate of the Issuer, on a basis intended to incentivise the Portfolio Manager to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market via a market auction process) and to advise it in relation to the sale of the Selected Loans to third-party purchasers via a market auction process (except where the Issuer exercises its right of pre-emption). For the avoidance of doubt, the Trustee shall not be obliged to appoint a Portfolio Manager should the Servicer fail to do so (and shall have no liability for such failure) and shall not be responsible for determining the identity of, or approving, the Portfolio Manager to be appointed by the Servicer following a nomination or determining or approving the terms of appointment of a Portfolio Manager.

In respect of any sale of Selected Loans and their Related Security following the occurrence of an Issuer Event (but prior to the service of a Notice of Default) which is continuing, the Servicer will instruct the Portfolio Manager to use all reasonable endeavours to procure that Selected Loans are sold as quickly as reasonably practicable via a market auction process (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and, where relevant, the scheduled repayment dates of the Covered Bonds and the terms of the Servicing and Cash Management Deed. The

Servicer will ensure that the terms of the appointment of the Portfolio Manager require the Portfolio Manager's actions in respect of any sale of Selected Loans and their Related Security to be in accordance with the provisions summarised above, including the rights of pre-emption in favour of the Issuer to remove the Selected Loans from the Cover Pool in accordance with the Servicing and Cash Management Deed. The Servicer will also ensure that the terms of the appointment of the Portfolio Manager require that the costs and expenses incurred by the Portfolio Manager (which shall be borne by the Issuer) are reasonable.

The Trustee, or its authorised attorney, will not be required to release the Selected Loans and their Related Security from the Registration Statement unless the conditions for Security release under applicable law (other than the Statutory Pledge) are satisfied.

Following the occurrence of an Issuer Event (but prior to the service of a Notice of Default) which is continuing, if third parties accept the offer or offers from the Servicer (or the Portfolio Manager on behalf of the Servicer, if the Portfolio Manager has been appointed), then the Servicer will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant third-party purchasers which will require, *inter alia*, a cash payment from the relevant third party purchasers. Any such sale will not include any representations and warranties from the Servicer, the Portfolio Manager or the Issuer in respect of the Loans and their Related Security unless expressly agreed by the Servicer.

Any Sale Proceeds received from the sale of the Selected Loans and their Related Security will be applied by the Servicer on the following Programme Payment Date as Covered Bond Available Funds.

**First Refinance Date** means the earlier to occur of (i) the date on which any Series of Covered Bonds becomes Pass-Through Covered Bonds or Accumulation Covered Bonds or (ii) at any time after an Issuer Event has occurred and is outstanding, the Athens Business Day falling six months before the Final Maturity Date of the Earliest Maturing Covered Bonds.

**Portfolio Manager** means a portfolio manager appointed by the Servicer (pursuant to the Servicing and Cash Management Deed), to sell Selected Loans and their Related Security on behalf of the Servicer.

**Refinance Date** means each of the First Refinance Date and each date falling at six monthly intervals thereafter.

**Sale Proceeds** means the cash proceeds realised from the sale of Selected Loans and their Related Security or their removal from the Cover Pool by the Issuer pursuant to the Servicing and Cash Management Deed, including where that removal is pursuant to the Issuer's right of pre-emption under the Servicing and Cash Management Deed.

#### *Amendment to definitions*

Under the Servicing and Cash Management Deed, the parties have agreed that the definitions of Cover Pool, Cover Pool Asset, Eligibility Criteria, Statutory Test and Amortisation Test may be amended by the Issuer from time to time without the consent of the Trustee as a consequence of the inclusion in the Cover Pool, Additional Cover Pool Assets which are New Asset Types and/or changes to the hedging policies or servicing and collection procedures of Alpha.

Any such amendment may be effected provided that Fitch and DBRS (if the Programme or any Series of Covered Bonds are rated by DBRS) have been notified in writing of such amendment and Moody's has provided confirmation in writing to the Issuer that the then current ratings of any outstanding Series of Covered Bonds would not be adversely affected or withdrawn as a result thereof.

#### *Reserve Ledger*

The Issuer has established a ledger on the Transaction Account called the Reserve Ledger.

On each Calculation Date from and including the Calculation Date immediately following the establishment of the Reserve Ledger, the Servicer will deposit the Reserve Ledger Required Amount into the Transaction Account (with a corresponding credit to the Reserve Ledger).

On each Programme Payment Date, the Servicer shall deposit an amount equal to the Reserve Ledger Required Amount into the Transaction Account (with a corresponding credit to the Reserve Ledger).

The Servicer shall invest all amounts standing to the credit of the Reserve Ledger in Authorised Investments.

**Reserve Ledger Required Amount** means an amount calculated as at each Calculation Date equal to the amount that will be required to be paid by the Issuer in respect of the Covered Bonds in respect of interest (in respect of those Covered Bonds where there is no Swap Agreement in place and all amounts to be paid to a Covered Bond Swap Provider (in respect of those Covered Bonds where there is a Swap Agreement in place) (other than any principal exchange amounts)) and all amounts paid to the other Secured Creditors for the immediately following 6 month period from and including the Programme Date to which such Calculation Date relates.

**Authorised Investments** means any of the following:

- (a) Euro denominated demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that in all cases such investments are rated at least the Fitch Minimum Rating by Fitch, the Moody's Required Investments Rating by Moody's and the DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) by DBRS, have a remaining period to maturity of 30 days or less and mature on or before the next following Programme Payment Date and the long-term and short-term issuer default ratings of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are at least the Fitch Minimum Rating by Fitch, the long-term and short-term unsecured, unsubordinated and unguaranteed debt obligations of the issuing or guaranteeing entity with which the demand or time deposits are made are rated at least Moody's Required Investments Rating, respectively by Moody's and the DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) by DBRS; and
- (b) Euro denominated government and public securities, provided that such investments have a remaining period to maturity of 30 days or less and mature on or before the next following Programme Payment Date and which are rated the Fitch Minimum Rating by Fitch, Moody's Required Investments Rating by Moody's and the DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) by DBRS,

(A) provided that (i) such instruments or deposits provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount), (ii) the rating levels and maturities of any Authorised Investments must satisfy Article 129(1)(c) of the Capital Requirements Regulation (EU) No. 575/2013, and (iii) that such Authorised Investments satisfy the requirements for eligible assets that can collateralise covered bonds under paragraph I.2(a) of the Secondary Covered Bond Legislation and (B) provided further that such investments may not consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time as being instruments in which funds underlying asset-backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested;

**DBRS Equivalence Chart** means the DBRS rating equivalent of any of the below ratings by Moody's, Fitch or S&P:

<b>DBRS</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)-	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	C

**DBRS Equivalent Rating** means:

- (a) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the Authorised Investment, Marketable Asset or the Eligible Institution (each, a **Public Long Term Rating**) are all available at such date, the corresponding DBRS rating as shown in the DBRS Equivalence Chart of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS rating one notch below the DBRS rating corresponding to such Public Long Term Rating as shown in the DBRS Equivalence Chart). For this purpose, if more than one Public Long Term Rating has the same highest or same lowest DBRS rating as shown in the DBRS Equivalence Chart, then in each case one of such Public Long Term Ratings shall be so disregarded;
- (b) if the DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) cannot be determined under (a) above, but Public Long Term Ratings of the Authorised Investment, Marketable Asset or Eligible Institution by any two of Fitch, Moody's and S&P are available at such date, the corresponding DBRS rating as shown in the DBRS Equivalence Chart of the lower such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and
- (c) if the DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) cannot be determined under (a) and (b) above, but a Public Long Term Rating by any one of Fitch, Moody's and S&P is available at such date, then the DBRS rating as shown in the DBRS Equivalence Chart will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS rating one notch below the DBRS rating corresponding to such Public Long Term Rating as shown in the DBRS Equivalence Chart).

If at any time the DBRS Minimum Rating (if the Programme or any Series of Covered Bonds are rated by DBRS) cannot be determined under subparagraphs (a) to (c) above, then the Authorised Investment,

Marketable Asset or Eligible Institution (as applicable) will be deemed to have a (if the Programme or any Series of Covered Bonds are rated by DBRS) DBRS Minimum Rating of "C" at such time.

**DBRS Minimum Rating** means the DBRS Rating, or if no DBRS Rating exists, then the DBRS Equivalent Rating ;

**DBRS Rating** means:

- (a) If the then current rating of the Covered Bonds by DBRS is AAA, AA (high), AA or AA(low), the DBRS Rating is A;
- (b) If the then current rating of the Covered Bonds by DBRS is A(high), then the DBRS Rating is BBB(high);
- (c) If the then current rating of the Covered Bonds by DBRS is A, then the DBRS Rating is BBB;
- (d) If the then current rating of the Covered Bonds by DBRS is A(low), BBB(high), BBB or BBB(low), then the DBRS Rating is BBB;
- (e) If the then current rating of the Covered Bonds by DBRS is below BBB(low), then the DBRS Rating corresponds to the then Covered Bonds rating by DBRS.

#### *Accumulation Ledger*

The Servicer has established a ledger on the Transaction Account called the **Accumulation Ledger**.

The Accumulation Ledger has separate sub-ledgers (each an **Accumulation Sub-Ledger**) related to each Series of Accumulation Covered Bonds.

Following the occurrence of an Issuer Event, the Servicer shall credit the relevant Accumulation Sub-Ledger with the amount allocated to the related Series of Accumulation Covered Bonds in accordance with the Priority of Payments.

Any amount standing to the credit of the relevant Accumulation Sub-Ledger on the Final Maturity Date (but prior to a breach of the Amortisation Test) of the relevant Series of Covered Bonds will be applied:

- (i) to pay (in whole or in part) the Final Redemption Amount in respect of the relevant Series; and
- (ii) thereafter applied as Covered Bond Available Funds.

Following a breach of the Amortisation Test or the occurrence of an Event of Default all amounts credited to the relevant Accumulation Sub-Ledger will be applied as Covered Bond Available Funds (such amounts, together with amounts applied in (ii) above, the **Excess Accumulation Receipts**).

#### *Law and Jurisdiction*

The Servicing and Cash Management Deed and any non-contractual obligations arising out of or in connection with any of them will be governed by English law.

#### **Asset Monitor Agreement**

The Asset Monitor has agreed, subject to due receipt of the information to be provided by the Servicer to the Asset Monitor, to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Servicer, prior to service of a Notice of Default, on the Calculation Date immediately prior to each anniversary of the Programme Closing Date with a view to confirmation of compliance by the Issuer with the



Statutory Tests or the Amortisation Test, as applicable, on that Calculation Date. If and for so long as the long-term ratings of the Issuer or the Servicer are below Baa3 Moody's or BBB- by Fitch or BBB(low) by DBRS, respectively) or following the occurrence of an Issuer Event, the Asset Monitor will, subject to receipt of the relevant information from the Servicer within the agreed timeframe, be required to conduct such tests following each Calculation Date.

Following a determination by the Asset Monitor of any errors in the arithmetical accuracy of the calculations performed by the Servicer such that the Statutory Tests have failed on the Calculation Date (where the Servicer had recorded it as being satisfied), or the Nominal Value or the Net Present Value is mis-stated by an amount exceeding two per cent. of the reported Nominal Value or the reported Net Present Value (as at the date of the relevant Nominal Value Test or the relevant Net Present Value Test), the Asset Monitor will be required to conduct such tests following each Calculation Date for a period of six months thereafter.

The Asset Monitor is entitled to assume that all information provided to it by the Servicer for the purpose of conducting such tests is true and correct and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The Asset Monitor will deliver a report (the **Asset Monitor Report**) to the Servicer, the Issuer and, if so requested, to the Trustee.

In addition to determining the presence of any errors in the arithmetical accuracy of the calculations performed by the Servicer in respect of the Statutory Tests as set out above, the Asset Monitor has also agreed to determine:

- (a) the appropriateness of the Cover Pool Assets included in the calculations in respect of the Statutory Tests; and
- (b) the compatibility of the Cover Pool Assets with the provisions of paragraph 2, Chapter 1 of the Bank of Greece Governor's Act No. 2620/28.8.2009;

In addition, the Asset Monitor has agreed to carry out the determinations and procedures provided for in paragraphs I-8 and IV-1(a) of the Secondary Covered Bond Legislation and shall include the result of such determinations and procedures in the Asset Monitor Report.

The Issuer or the Servicer will ensure that a copy of the Asset Monitor Report is sent to the Bank of Greece for the purposes of the Greek Covered Bond Legislation at the minimum once per annum.

As at the Programme Closing Date, the Issuer or the Servicer, as applicable, will pay to the Asset Monitor a fee for the tests to be performed by the Asset Monitor.

The Issuer (or after the occurrence of an Issuer Event, the Servicer) may, at any time, but subject to the prior written consent of the Trustee, terminate the appointment of the Asset Monitor by giving at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the Issuer (or after the occurrence of an Issuer Event, the Servicer) (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Agreement (or substantially similar duties).

The Asset Monitor may, at any time, resign by giving at least 30 days' prior written notice to the Issuer and the Trustee (copied to the Rating Agencies), and may resign by giving immediate notice in the event of a professional conflict of interest caused by the action of any recipient of its reports.

Upon the Asset Monitor giving 30 days' prior written notice of resignation, the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall immediately use all reasonable endeavours to appoint a replacement (such replacement to be approved by the Trustee (such approval to be given if the replacement is an accountancy firm of international standing)) which agrees to perform the duties of the Asset Monitor set

out in the Asset Monitor Agreement. If a replacement is not appointed by the date which is 30 days prior to the date when tests are to be carried out in accordance with the terms of the Asset Monitor Agreement, then the Issuer (or following the occurrence of an Issuer Event, the Servicer) shall use all reasonable endeavours to appoint an accountancy firm of national standing to carry out the relevant tests on a one-off basis, provided that such appointment is approved by the Trustee.

The Trustee will not be obliged to act as Asset Monitor in any circumstances.

#### *Law and Jurisdiction*

The Asset Monitor Agreement will be governed by Greek law.

#### **Trust Deed**

The Trust Deed, made between the Issuer and the Trustee on the Programme Closing Date appoints the Trustee to act as the trustee for the Covered Bondholders and the other Secured Creditors in accordance with paragraph 2 of Article 152. The Trust Deed contains provisions relating to, *inter alia*:

- (a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under "*Terms and Conditions*" of the Covered Bonds above);
- (b) the covenants of the Issuer;
- (c) the enforcement procedures relating to the Covered Bonds; and
- (d) the appointment powers and responsibilities of the Trustee and the circumstances in which the Trustee may resign or be removed.

#### *Law and Jurisdiction*

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Agency Agreement**

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

For the purposes of Condition 5.2(b)(ii), the Agency Agreement provides that if the Relevant Screen Page is not available or if, no offered quotation appears or if fewer than three offered quotations appear, in each case as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR (the **Specified Time**)), the Principal Paying Agent shall request each of the reference banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the reference rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the reference banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

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

#### *Law and Jurisdiction*

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

For the purposes of this section "Agency Agreement" any capitalised terms have the meanings given to them in the "Terms and Conditions of the Covered Bonds" above.

#### **Deed of Charge**

Pursuant to the terms of the Deed of Charge entered into on the Programme Closing Date by the Issuer, the Trustee and the other Secured Creditors, the Secured Obligations of the Issuer and all other obligations of the Issuer under or pursuant to the Transaction Documents to which it is a party are secured, *inter alia*, by the following security over the following property, assets and rights (the **Deed of Charge Security**):

- (a) an assignment by way of first fixed security over all of the Issuer's interests, rights and entitlements under and in respect of any Charged Document;
- (b) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Bank Accounts and all amounts standing to the credit of the Bank Accounts; and
- (c) (to the extent not subject to the Statutory Pledge) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Issuer in respect of all Authorised Investments and Marketable Assets (to the extent governed by English law) purchased from time to time from amounts standing to the credit of any Bank Accounts and the Collection Account (the **Issuer Accounts**).

**Charged Documents** means the Transaction Documents (other than the Deed of Charge and the Trust Deed) to which the Issuer is, or may become, a party and which are assigned (by way of security) to the Trustee pursuant to the Deed of Charge, and each a **Charged Document**.

In addition, to secure its obligations under the Covered Bonds, the Issuer has, pursuant to paragraph 4 of Article 152, created a pledge (the **Statutory Pledge**) over the Cover Pool (which consists principally of the Issuer's interest in the Loan Assets and certain Marketable Assets). The Deed of Charge will also provide that (other than in certain limited circumstances) only the Trustee may enforce the security created under either the Deed of Charge or paragraph 4 of Article 152. The proceeds of any such enforcement of the Deed of Charge and paragraph 4 of Article 152 will be required to be applied in accordance with the order of priority set out in the Post Event of Default Priority of Payments.

The Trustee shall at all times be a credit institution (or an affiliated company of a credit institution) that is entitled to provide services in the European Economic Area in accordance with paragraph 2 of Article 91 (an **EEA Credit Institution**). If at any time the Trustee ceases to be an EEA Credit Institution it will notify the Issuer immediately.

#### *Release of Security*

In accordance with the terms of the Deed of Charge all amounts which the Servicer (on behalf of the Issuer and the Trustee or its appointee) is permitted to withdraw from the Transaction Account pursuant to the terms of the Deed of Charge will be released from the Deed of Charge Security. In addition, upon the Issuer or the Servicer making a disposal of an Authorised Investment or Marketable Assets (to the extent governed by English law) charged under the Deed of Charge and provided that the proceeds of such disposal are paid into the Transaction Account in accordance with the terms of the Servicing and Cash Management Deed, that Authorised Investment or Marketable Asset (to the extent governed by English law) will be released from the Deed of Charge Security.

At such time that all of the obligations owing by the Issuer to the Secured Creditors have been discharged in full, the Trustee will, at the cost of the Issuer, take whatever action is necessary to release the Charged Property from the Deed of Charge Security to, or to the order of, the Issuer.

#### *Enforcement*

If a Notice of Default is served on the Issuer, the Trustee shall be entitled to appoint a Receiver, and/or enforce the Deed of Charge Security constituted by the Deed of Charge, and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured to its satisfaction. All proceeds received by the Trustee from the enforcement of the Deed of Charge Security will be applied in accordance with the Post Event of Default Priority of Payments.

#### *Law and Jurisdiction*

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law (except in relation to the Statutory Pledge which shall be governed by Greek law).

#### **Interest Rate Swap Agreement**

Some of the Loan Assets in the Cover Pool will pay from time to time a variable rate of interest for a period of time that may either be linked to the standard variable rate of the Issuer (the **Issuer Standard Variable Rate**) or linked to an interest rate other than the Issuer Standard Variable Rate, such as EURIBOR or a rate that tracks the ECB base rate. Other Loan Assets will pay a fixed rate of interest for a period of time. However, the Euro payments to be made by the Issuer under each of the Covered Bond Swaps may vary. To provide a hedge against the possible variance between:

- (a) the rates of interest payable on the Loan Assets in the Cover Pool; and
- (b) the payments to be made by the Issuer under the Covered Bond Swaps,

the Issuer, the provider of Interest Rate Swaps (each such provider, an **Interest Rate Swap Provider**) and the Trustee may enter into one or more interest rate swap transactions in respect of each Series of Covered Bonds under an **Interest Rate Swap Agreement** (each such transaction an **Interest Rate Swap**).

Under the terms of each Interest Rate Swap, in the event that the relevant rating of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the Interest Rate Swap Agreement (in accordance with the requirements of the Rating Agencies), the Interest Rate Swap Provider will, in accordance with the Interest Rate Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Interest Rate Swaps, arranging for its obligations under the Interest Rate Swaps to be transferred to an entity with ratings required by the relevant Rating Agency, procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swaps (such guarantee to be provided in accordance with the then-current guarantee criteria of each of the Rating Agencies), or taking such other action as it may agree with the relevant Rating Agency. A failure to take such steps within the periods set out in the Interest Rate Swap Agreement will, subject to certain conditions, allow the Issuer to terminate the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the Interest Rate Swap Agreement (each referred to as an **Interest Rate Swap Early Termination Event**), which may include:

- at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the Interest Rate Swap Agreement; and
- upon the occurrence of the insolvency of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations, or the merger of the Interest Rate Swap Provider without an assumption of its obligations under the Interest Rate Swap Agreement.

Upon the termination of an Interest Rate Swap pursuant to an Interest Rate Swap Early Termination Event, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Interest Rate Swap Provider to the Issuer in respect of an Interest Rate Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Interest Rate Swap Provider to enter into a replacement Interest Rate Swap with the Issuer, unless a replacement Interest Rate Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Interest Rate Swap Provider in respect of a replacement Interest Rate Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Interest Rate Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of an Interest Rate Swap will first be used to reimburse the relevant Interest Rate Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Interest Rate Swap.

If a withholding or deduction for or on account of taxes is imposed on payments made by the Interest Rate Swap Provider to the Issuer under the Interest Rate Swaps, the Interest Rate Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If a withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swaps, the Issuer shall not be obliged to gross up those payments.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Interest Rate Swap Provider directly and not via the Priorities of Payments.

The Interest Rate Swap Provider may transfer all its interest and obligations in and under the relevant Interest Rate Swap Agreement to a transferee with minimum ratings in line with the criteria of each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions.

If the Issuer is required to sell Selected Loans in the Cover Pool following the occurrence of an Issuer Event then, the Issuer may:

- (a) require that the Interest Rate Swaps in connection with such Selected Loans partially terminate to the extent that such Selected Loans and any breakage costs payable by or to the Issuer in connection with such termination will, following the occurrence of an Issuer Event, be taken into account in calculating the Adjusted Required Redemption Amount for the sale of the Selected Loans; or
- (b) request that the Interest Rate Swaps in connection with such Selected Loans be partially novated to the purchaser of such Selected Loans, such that each purchaser of Selected Loans will thereby become party to a separate interest rate swap transaction with the Interest Rate Swap Provider.

#### *Law and Jurisdiction*

The Interest Rate Swap Agreement (and each Interest Rate Swap thereunder) and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Covered Bond Swap Agreements**

Where the Covered Bonds in a Series or Tranche are issued in a currency and/or on an interest rate basis different to the payments received by the Issuer under the Interest Rate Swap for such Series or Tranche, the Issuer will enter into a covered bond swap transaction with a Covered Bond Swap Provider and the Trustee in respect of such Series or Tranche of Covered Bonds (each such transaction a **Covered Bond Swap**). Each Covered Bond Swap may be either a Forward Starting Covered Bond Swap or a Non-Forward Starting Covered Bond Swap and each will constitute a transaction under a **Covered Bond Swap Agreement** (such Covered Bond Swap Agreements, together, the **Covered Bond Swap Agreements**).

Each Forward Starting Covered Bond Swap will provide a hedge (after the occurrence of an Issuer Event) against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer under the Loans and any relevant Interest Rate Swaps (if any) and amounts payable by the Issuer in respect of the Covered Bonds (**Forward Starting Covered Bond Swap**).

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer under the Loans and any relevant Interest Rate Swaps (if any) and amounts payable by the Issuer in respect of the Covered Bonds (**Non-Forward Starting Covered Bond Swap**).

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds.

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date, after the occurrence of an Issuer Event, an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euro calculated by reference to Euro EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.

Under the Non-Forward Starting Covered Bond Swaps on the relevant Issue Date, the Issuer (or the Servicer on its behalf) will, if the Covered Bonds are denominated in a currency other than Euro, pay to the Covered

Bond Swap Provider an amount equal to the relevant portion of the amount received by the Issuer in respect of the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds and in return the Covered Bond Swap Provider will pay to the Issuer the Euro Equivalent of the first-mentioned amount. Thereafter, and where the Covered Bonds are denominated in Euro, the Covered Bond Swap Provider will pay to the Issuer on each Interest Payment Date an amount equal to the relevant portion of the amounts that are payable by the Issuer in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Issuer (or the Servicer on its behalf) will periodically pay to the Covered Bond Swap Provider an amount in Euros calculated by reference to EURIBOR plus a spread and, where relevant, the Euro Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Series or Tranche of Covered Bonds.

Under the terms of each Forward Starting Covered Bond Swap and each Non-Forward Starting Covered Bond Swap, in the event that the relevant rating of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations is downgraded by a Rating Agency below the rating specified in the relevant Covered Bond Swap Agreement (in accordance with the requirements of the Rating Agencies), the Covered Bond Swap Provider will, in accordance with the relevant Covered Bond Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Covered Bond Swap, arranging for its obligations under the Covered Bond Swap to be transferred to an entity with the ratings required by the relevant Rating Agency, procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Covered Bond Swap Agreement (such guarantee to be provided in accordance with the then-current guarantee criteria of each of the Rating Agencies), or taking such other action as it may agree with the relevant Rating Agency. In addition, if the net exposure of the Issuer against the Covered Bond Swap Provider under the relevant Covered Bond Swap exceeds the threshold specified in the relevant Covered Bond Swap Agreement, the Covered Bond Swap Provider may be required to provide collateral for its obligations. A failure to take such steps within the time periods set out in the Covered Bond Swap Agreement will, subject to certain conditions, allow the Issuer to terminate the Covered Bond Swap.

A Covered Bond Swap Agreement may also be terminated in certain other circumstances, together with any other events of default and termination events set out in the relevant Covered Bond Swap Agreement (each referred to as a **Covered Bond Swap Early Termination Event**), which may include:

- (a) at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under such Covered Bond Swap Agreement; and
- (b) upon the occurrence of an insolvency of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations, or the merger of the Covered Bond Swap Provider without an assumption of its obligations under the relevant Covered Bond Swap Agreement.

Upon the termination of a Covered Bond Swap, the Issuer or the Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant Covered Bond Swap Agreement. The amount of this termination payment will be calculated and made in Euro. Any termination payment made by the Covered Bond Swap Provider to the Issuer in respect of a Covered Bond Swap will first be used (prior to the occurrence of an Issuer Event) to pay a replacement Covered Bond Swap Provider to enter into a replacement Covered Bond Swap with the Issuer, unless a replacement Covered Bond Swap has already been entered into on behalf of the Issuer. Any premium received by the Issuer from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap will first be used to make any termination payment due and payable by the Issuer with respect to the previous Covered Bond Swap, unless such termination payment has already been made on behalf of the Issuer. Any tax credits received by the Issuer in respect of a Covered Bond Swap will first be used to reimburse the relevant Covered Bond Swap Provider for any gross-up in respect of any withholding or deduction for or on account of any present or future taxes. Duties, assessments or governmental charges of whatever nature (and wherever imposed) made under the relevant Covered Bond Swap.

Any tax credits or Swap Collateral Excluded Amounts will be paid to the Covered Bond Swap Provider directly and not via the Priorities of Payments.

If withholding or deduction for or on account of taxes is imposed on payments made by the Covered Bond Swap Provider to the Issuer under a Covered Bond Swap, the Covered Bond Swap Provider shall always be obliged to gross up those payments so that the amount received by the Issuer is equal to the amount which would have been received in the absence of such withholding or deduction. If withholding or deduction for or on account of taxes is imposed on payments made by the Issuer to the Covered Bond Swap Provider under a Covered Bond Swap, the Issuer shall not be obliged to gross up those payments.

The Covered Bond Swap Provider may transfer all its interest and obligations in and under the relevant Covered Bond Swap Agreement to a transferee with minimum ratings in line with the criteria of each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Conditions, the Covered Bond Swap(s) in connection with such Covered Bonds will terminate or partially terminate, as the case may be. Any breakage costs payable by or to the Issuer in connection with such termination will be taken into account in calculating:

- (a) the Adjusted Required Redemption Amount for the sale of Selected Loans; and
- (b) the purchase price to be paid for any Covered Bonds purchased by the Issuer in accordance with Condition 7.8 (*Purchases*).

#### *Law and Jurisdiction*

The Covered Bond Swap Agreement (and each Covered Bond Swap thereunder) and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Bank Account Agreement**

Pursuant to the terms of the Bank Account Agreement to be entered into on the Programme Closing Date between the Account Bank, the Issuer, the Servicer and the Trustee, the Servicer will maintain with the Account Bank the Bank Accounts, which will be operated in accordance with the Servicing and Cash Management Deed and the Deed of Charge.

If the long-term or short-term issuer default ratings of the Account Bank cease to satisfy the requirements of an Eligible Institution (or such other ratings that may be agreed between the parties to the Bank Account Agreement and the relevant Rating Agency from time to time), then unless the Account Bank within 30 calendar days of such occurrence obtains an unconditional and unlimited guarantee (in a form acceptable to each of the Rating Agencies) of its obligations under the Bank Account Agreement from a financial institution satisfying the requirements of an Eligible Institution and provided that Fitch has been notified in writing of such guarantee and Moody's has provided confirmation in writing that the ratings on the Covered Bonds would not be adversely affected thereby, the Servicer or the Issuer shall:

- (i) immediately serve a written notice of termination of the Bank Account Agreement on the relevant Account Bank (such termination to be effective on the later of the date falling three Athens Business Days following service of such notice and the date on which the relevant replacement bank account(s) is established with an entity which is an Eligible Institution);
- (ii) open replacement accounts with a financial institution which is an Eligible Institution; and
- (iii) once the relevant replacement bank account has been established:



- if an affected Bank Account is the Transaction Account, immediately transfer amounts standing to the credit of the Transaction Account to any replacement Transaction Account and close the affected Transaction Account;
- if an affected Bank Account is a Swap Collateral Account, immediately transfer amounts standing to the credit of that Swap Collateral Account to any replacement Swap Collateral Account and close the affected Swap Collateral Account; and
- immediately transfer amounts standing to the credit of all other affected Bank Accounts (if any) to any replacement accounts and close all other effected Bank Accounts.

The costs arising from any remedial action taken by the Account Bank, following its ratings ceasing to satisfy the requirements of an Eligible Institution shall be borne by the Account Bank. For the avoidance of doubt, the Issuer will be responsible for any costs associated with the replacement of the Account Bank.

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Issuer-ICSDs Agreement**

The Issuer will enter into an Issuer-ICSDs Agreement with Euroclear Bank S.A./N.V. and Clearstream Banking SA (the **ICSDs**) in respect of any Covered Bonds issued in NGCB form. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such NGCBs, maintain their respective portion of the issue outstanding amount through their records.

The Issuer-ICSDs Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## TAXATION

### Greece

*The following summary of the principal Greek taxation consequences of the purchase, ownership and disposal of Covered Bonds by Greek or foreign resident holders, who are the beneficial owners of the Covered Bonds, is of a general nature and is based on the provisions of tax laws currently in force in Greece. The summary below does not constitute a complete analysis and therefore, potential investors should consult their own tax advisers as to the tax consequences of such purchase, ownership and disposal. This summary is based on current Greek tax legislation and administrative practice of the Greek tax authorities without taking into account any developments or amendments thereof after the date hereof whether or not such developments or amendments have retroactive effect.*

#### ***Income Tax***

Covered Bondholders who neither reside nor maintain a permanent establishment in Greece for Greek law tax purposes (the **Non-Resident Covered Bondholders**) will be subject to Greek withholding income tax at a flat rate of 15%, if such payments are made directly to Non-Resident Covered Bondholders by the Bank or by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. Such withholding exhausts the tax liability of both individual and entity Non-Resident Covered Bondholders, subject to the submission of recent tax residence certificates or other evidence of non-residence; further, such withholding is in each case subjected 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 Covered Bondholders is a tax resident; and

Covered Bondholders who either reside or maintain a permanent establishment in Greece for Greek tax law purposes (the "Resident Covered Bondholders") will be subject to Greek withholding income tax at a flat rate of 15 per cent., if such payments are made directly to Resident Covered Bondholders by the 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 exhausts the tax liability of Covered Bondholders who are natural persons (individuals), while it may not for other types of Covered Bondholders.

#### ***Capital gains realized from the transfer of Covered Bonds***

Pursuant to article 14 of Greek law 3156/2003, which is applicable to Covered Bonds by virtue of article 152 of Greek law 4261/2014, in conjunction with Circular of the Minister of Finance no. 1032/26.01.2015, capital gains realized by holders of Covered Bonds from the transfer of Covered Bonds are exempted from taxation in Greece.

#### ***Value Added Tax***

No value added tax is payable upon disposal of the Covered Bonds (pursuant to Article 22(1)(ka) of Greek Law 2859/2000).

#### ***Death Duties and Taxation on Gifts***

The Covered Bonds are subject to Greek inheritance tax if the deceased holder of Covered Bonds had been a resident of Greece or Greek national.

The rates of inheritance tax vary from 1% to 40%, depending on the relationship between the heir and the deceased.

A gift of Covered Bonds is subject to Greek tax if the holder of the Covered Bonds (donor) is a Greek national or if the recipient thereof is a Greek national or resident.

The rates of gift tax vary from 1% to 40% depending on the relationship between the donor and the recipient.

### ***Stamp Duty***

Pursuant to Article 14 of Greek Law 3156/2003 the issuance or transfer of Covered Bonds is exempt from Greek stamp duty.

### **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% 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 the Issuer (a **Recalcitrant Holder**). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of Covered Bonds (i) any Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued 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 Covered Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Covered Bonds are issued on or before the grandfathering date, and additional Covered Bonds of the same series are issued after that date, the additional Covered Bonds may not be treated as grandfathered, which may have negative consequences for the existing Covered Bonds, 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 Issuer and financial institutions through which payments on the Covered Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Covered Bonds 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.

Whilst the Covered Bonds 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 Covered Bonds by the Issuer or any paying agent, 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 Covered Bonds. The

documentation expressly contemplates the possibility that the Covered Bonds 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 Covered Bonds 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 Issuer and to payments they may receive in connection with the Covered Bonds.**

### **The Proposed Financial Transactions Tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to a wide range of dealings in financial instruments.

If the FTT is implemented, it may give rise to tax liabilities for the Issuer and the Group which may have an adverse effect on the Issuer's business, financial condition results of operations and prospects of the Issuer and the Group.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear.

### **Luxembourg Taxation**

*The following information is of a general nature only and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this Section is limited to Luxembourg withholding tax issues and prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar, or to any other concepts, refers to Luxembourg tax law and/or concepts only.*

### **Withholding Tax**

#### **(a) Non-resident holders of Covered Bonds**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

(b) Resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing EC Council Directive 2003/48/EC of 3 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**) as amended) established in a EU Member State (other than Luxembourg) or one of the Territories and such payments for the benefit of such individual beneficial owner will be subject to a 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 Covered Bonds coming within the scope of the Law will be subject to a withholding tax at a rate of 10 per cent.

## SUBSCRIPTION AND SALE

Covered Bonds may be issued from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in a Programme Agreement dated 20 May 2010 (such Programme Agreement as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds. The Programme Agreement will be supplemented on or around the date of each issuance by Subscription Agreement, which will set out, *inter alia*, the relevant underwriting commitments. The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

### United States

The Covered Bonds have not been and will not be registered under the Securities Act and the Covered Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

In connection with any Covered Bonds which are offered or sold outside the United States in reliance on Regulation S (**Regulation S Covered Bonds**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, will not offer, sell or deliver such Regulation S Covered Bonds (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Series of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer(s), in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Covered Bond during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Covered Bond within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may

violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **Public Offer Selling Restrictions 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 Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a base prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Covered Bonds to the public in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

### **The Hellenic Republic**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with (i) the Public Offer Selling

Restrictions under the Prospectus Directive, described above in this section; (ii) all applicable provisions of Greek Law 3401/2005, implementing into Greek law the Prospectus Directive.

## Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended; the FIEA) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it has not directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Covered Bonds, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any 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.

## Republic of Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Covered Bonds may not be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

- (a) to qualified investors ("*investitori qualificati*"), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB (the Italian Securities Exchange Commissions) Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Furthermore, each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; or
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

## Republic of France

Each Dealer and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:



- (i) it has only made and will only make an offer of Covered Bonds to the public in France following the notification of the approval of this Base Prospectus to the *Autorité des marchés financiers (AMF)* by the CSSF, and in the period beginning on the date of the publication of the Final Terms relating to the offer of Covered Bonds and ending at the latest on the date which is 12 months after the date of approval of the Base Prospectus by the CSSF, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or
- (ii) it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French Code monétaire et financier.

### **The Grand Duchy of Luxembourg**

In addition to the cases described in the European Economic Area selling restrictions in which the Dealers can make an offer of Covered Bonds to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Dealers can also make an offer of Covered Bonds to the public in the Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July, 2005 on prospectuses for securities implementing the Directive 2003/71/EC (as amended by Directive 2010/73/EU, the **Prospectus Directive**) into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, comply with (in the best of its knowledge and belief) all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations or directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### **Approval, listing and admission to trading**

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for the Covered Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List. 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).

However, Covered Bonds may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

### **Authorisations**

The establishment, implementation and operation of the Programme and the issue of Covered Bonds have been duly confirmed and authorised by resolutions of the Board of Directors of the Issuer dated 16 March 2010 and 25 June 2015.

### **Post-issuance information**

The Issuer provides quarterly Investor Reports detailing, among other things, compliance with the Statutory Tests. This information will be available on the Issuer's website [www.alphabank.gr](http://www.alphabank.gr).

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the twelve months preceding the date of this Base Prospectus which may have, or have had in such period, significant effects on the Issuer's or the Group's financial position or profitability.

### **No significant or material change**

Save as disclosed in the Base Prospectus on page 150 under "*The Issuer and the Group – Recent Developments*", there has been no material adverse change, or any development reasonably likely to involve material adverse change, in the prospects of the Issuer since 31 December 2014 for any significant change in the financial or trading position of the Issuer or the Group since 30 September 2015.

### **Documents available for inspection**

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents or the Luxembourg Listing Agent:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited consolidated and non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 31 December 2014 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;
- (c) the Q3 consolidated and non-consolidated financial report of the Issuer for the period from 1 January to 30 September 2015 for the Issuer (with an English translation thereof), together with any audit or review reports prepared in connection therewith;

- (d) the Programme Agreement, the Trust Deed, the Agency Agreement, and the forms of the Global Covered Bonds, the Covered Bonds in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Covered Bond which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Covered Bonds and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, any supplement to the Base Prospectus, any documents incorporated by reference and each Final Terms relating to Covered Bonds which are admitted to trading on the official list of the Luxembourg Stock Exchange will also be available for inspection free of charge from the internet site of the Luxembourg Stock Exchange, at [www.bourse.lu](http://www.bourse.lu).

### **Clearing Systems**

The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Series of Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Yield**

In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

### **Independent Auditors**

The statutory auditors of the Issuer are KPMG Certified Auditors A.E., of 3 Stratigou Tombra Street, Aghia Paraskevi GR-15342, Athens (**KPMG Athens**). KPMG Athens were appointed for the first time on 2 April 2002. KPMG Athens is a member of the Institute of Certified Auditors and Accountants of Greece.

The consolidated and non-consolidated financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2014 (incorporated by reference in this Base Prospectus) have been prepared in accordance with IFRS as adopted by the European Union and have been audited without qualification by KPMG Certified Auditors A.E. The auditors of the Issuer have no material interest in the Issuer.

## INDEX

€.....	4	Borrower.....	64
30/360, 360/360.....	99	Broken Amount.....	93
30E/360.....	100	BRR Law.....	200
30E/360 (ISDA).....	100	BRRD.....	200
AAA.....	158, 159	business day.....	104
Account Bank.....	7	Business Day.....	98
Accrual Period.....	99	Business Day Convention.....	98
Accrual Yield.....	107	Buy-back.....	38
Accumulation Ledger.....	267	Calculation Agent.....	95
Accumulation Sub-Ledger.....	267	Calculation Amount.....	108
Activation Event.....	225	Calculation Date.....	22
Actual/360.....	99	Capital Requirements Directive.....	197
Actual/365 (Fixed).....	99	Capital Strengthening Plan.....	149
Actual/365 (Sterling).....	99	CCP.....	238
Actual/Actual.....	99	CCPs.....	237
Actual/Actual (ICMA).....	98	Charged Document.....	271
Actual/Actual (ISDA).....	99	Charged Documents.....	271
Additional Cover Pool Assets.....	259	Charged Property.....	14
adjusted.....	101	Citi.....	149
Adjusted Required Redemption Amount.....	263	Clearstream, Luxembourg.....	17, 88, 126
Agency Agreement.....	35, 86, 269	Collection Account.....	25
Agents.....	14, 87	Commission's Proposal.....	63, 280
AIFMs.....	215	Common Depository.....	126
AIFs.....	215	Common Safekeeper.....	126
ALCO.....	167	Conditions.....	3, 10, 87
Alpha.....	7	Council.....	252
Alpha Bank BoG Account.....	26	Couponholders.....	87
Alpha Finance.....	7	Coupons.....	87
AMF.....	285	Cover Pool.....	1, 257
Amortised Face Amount.....	112	Cover Pool Asset.....	257
ANPLM.....	234	Covered Bond.....	9
applicable Final Terms.....	87	Covered Bond Swap.....	273
AQR.....	39	Covered Bond Swap Agreement.....	36, 274
ARP.....	234	Covered Bond Swap Early Termination Event.....	275
Arrangers.....	7	Covered Bond Swap Provider.....	9
Article 152.....	13	Covered Bondholder.....	89
Article 632 Suspension Petition.....	77	Covered Bondholders.....	3, 9, 87
Article 632-633 Annulment Petition.....	77	Covered Bonds.....	1
Article 933 Annulment Petition.....	77	CRA Regulation.....	71
Article 937 Suspension Petition.....	78	CRD IV.....	236
Asset Monitor.....	7	Credit Institution.....	27
Asset Monitor Agreement.....	35	CRR.....	57
Asset Monitor Report.....	268	CSSF.....	1
Athens Business Day.....	15	CUP.....	155
ATMs.....	208	Day Count Fraction.....	98
Authorised Investments.....	265	DBRS.....	10
Bank Account Agreement.....	35	DBRS Equivalence Chart.....	266
Bank Accounts.....	35	DBRS Equivalent Rating.....	266
Banking Act.....	284	DBRS Minimum Rating.....	267
Banking Law.....	197	DBRS Rating.....	267
Base Prospectus.....	1, 130	Dealer.....	1
Basel Committee.....	57	Dealers.....	1
Basel III.....	164	Debtors.....	194
Bearer Definitive Covered Bonds.....	86	Deed of Charge.....	35
Bearer Global Covered Bond.....	126	Deed of Charge Security.....	271
Bearer Global Covered Bonds.....	126	Definitive Covered Bonds.....	86
Bond Basis.....	99		

Designated Account.....	104	Floating Rate Option.....	95
Designated Bank.....	104	Following Business Day Convention.....	98
Designated Maturity.....	95	Former Residence.....	123
Determination Date.....	101	Forward Starting Covered Bond Swap.....	274
Determination Period.....	101	FTT.....	63, 280
DGComp.....	52	general bail-in tool.....	57
DGD.....	58	general expenses.....	147
DGS.....	58	Global Covered Bond.....	86
Dispute.....	124	Greece.....	4
Documents.....	123	Greek Banking Law.....	208
DTA Framework.....	253	Greek Bankruptcy Code.....	19
DTT.....	82, 278	Greek Covered Bond Legislation.....	13
Earliest Maturing Covered Bonds.....	108	Greek State.....	4
Early Redemption Amount.....	108	HCMC.....	246
EBA.....	55	HDIGF.....	243
ECB.....	197	Hedging Agreement.....	36
EEA Credit Institution.....	271	Hedging Agreements.....	36
EFSF.....	39	Hedging Counterparties.....	9
Eligibility Criteria.....	20	Hedging Counterparty.....	9
Eligible Institution.....	8	Hellenic Republic Bank Support Plan.....	218
EMIR.....	121, 238	HFSF.....	148
ESM.....	38, 218	Higher Ranking Liabilities.....	225
ESM Programme.....	39	holder of Covered Bonds.....	89
ESMA.....	71	ICSDs.....	81, 276
ESRB.....	164	IGA.....	81, 245, 279
Established Rate.....	108	IHE.....	160
ETAT.....	60	IMF.....	38
ETEA.....	61	Indemnity.....	34
EUR.....	4	Initial Interest Rate.....	226
euro.....	4, 108	Insolvency Event.....	257
Euro Equivalent.....	263	Institutions.....	38, 208
Eurobond Basis.....	100	Interest Amount.....	96
Euroclear.....	17, 88, 126	Interest Commencement Date.....	10, 101
Eurogroup Announcement.....	39	Interest Payment Date.....	94, 101
European Markets Infrastructure Regulation.....	121	Interest Payment Dates.....	101
Eurosystem.....	39	Interest Period.....	12, 94, 101
Event of Default.....	28	Interest Rate Swap.....	272
Excess Accumulation Receipts.....	268	Interest Rate Swap Agreement.....	36, 272
Exchange Date.....	126	Interest Rate Swap Provider.....	9, 272
Exchange Event.....	127	Interest Rate Swap Termination Event.....	272
Exchange Notice.....	107	Investment Bank.....	256
Extended Final Maturity Date.....	15, 69	Investor Put.....	111
Extraordinary Resolution.....	108	Investor Report.....	37
FATCA.....	81, 279	Investor Report Date.....	37
FATCA Withholding.....	279	Investor Repurchase Put.....	111
FATF.....	245	Investor's Currency.....	82
Final Maturity Date.....	15	IOSCO.....	237
Final Redemption Amount.....	15, 69, 106	IRS.....	279
Final Terms.....	1, 10	ISDA Definitions.....	12, 94
Financial Instruments.....	215	ISDA Determination.....	94
Financial Services Act.....	284	ISDA Rate.....	94
First Refinance Date.....	264	Issue Date.....	10, 11
Fitch.....	10	Issue Price.....	14
Fixed Coupon Amount.....	93	Issuer.....	1, 7, 86
Fixed Interest Period.....	93, 101	Issuer Accounts.....	271
Fixed Rate Covered Bonds.....	11	Issuer Call.....	110
Floating Rate.....	95	Issuer Event.....	23, 114
Floating Rate Convention.....	98	Issuer Insolvency Event.....	18, 115
Floating Rate Covered Bonds.....	11	Issuer Standard Variable Rate.....	272
		KPMG, Athens.....	288

Late Payment .....	113	Preceding Business Day Convention .....	98
Latest Maturing Covered Bonds .....	21	Primary Legislation.....	80
Law .....	281	Principal Amount Outstanding.....	101
Long Maturity Covered Bond.....	103	Principal Paying Agent .....	86
Luxembourg Listing Agent.....	9	Principal Paying Agent .....	8
Luxembourg Stock Exchange's regulated market .....	1	Priorities of Payments .....	92
Margin .....	12	Priority of Payments .....	33, 92
Marketable Assets.....	258	Private Placement.....	149
Markets in Financial Instruments Directive.....	1	Programme .....	1
Master Definitions and Construction Schedule.....	87	Programme Agreement .....	282
Maximum Rate of Interest .....	12	Programme Closing Date .....	34
Member State.....	4	Programme Payment Date .....	14
Minimum Credit Rating.....	19, 259	Programme Payment Period.....	33
Minimum Rate of Interest.....	12, 108	Programme Resolution.....	119
MIS .....	234	Prop Index Valuation .....	260
Modified Following Business Day Convention.....	98	Prospectus Act 2005 .....	1
Monitoring Trustee .....	51	Prospectus Directive .....	1, 87, 130, 285
Moody's .....	10	PSD .....	247
MTFs .....	212, 216	PSI.....	38
Negative Carry Factor.....	263	Public Long Rating .....	266
New Asset Type.....	21	Put Notice .....	111
New Company .....	122	Quantitative Easing Programme .....	48
New Law.....	240	Rate of Interest.....	108
New Residence .....	123	Rating Agencies .....	10, 123
New RFA .....	186, 229	Rating Agency .....	123
New Shares .....	148	Rating Agency Confirmation .....	19, 71
NGCB .....	103, 126	Recalcitrant Holder .....	279
Non-Forward Starting Covered Bond Swap .....	274	Receiver .....	14
Non-Resident Covered Bondholders .....	82, 278	Record Date .....	104
not adjusted.....	101	Redeemed Covered Bonds .....	110
Notice of Default .....	29, 108, 116	Redenomination Date.....	108, 124
NPEs .....	55	Reference Price .....	109
NPLs .....	40	Refinance Date.....	264
NSS.....	128	Register .....	104
OAED .....	76	Registered Definitive Covered Bonds.....	86
OEK.....	76, 260	Registrar .....	8, 86
OEK loans.....	76	Registration Statement .....	13
OEK Savings Account .....	26, 76	Regulation No. 11971 .....	284
OEK Subsidised Loans .....	260	Regulation S.....	4
Operating expenses .....	147	Regulation S Covered Bonds .....	282
Optional Redemption Amount.....	108	Relevant Date.....	117
Optional Redemption Date .....	108	relevant Dealer .....	1
Ordinary Share.....	148	Relevant Implementation Date.....	283
Participating FFI.....	279	Relevant Member State.....	4, 283
participating Member States .....	63, 280	Remuneration Committee .....	183
Pass Through Covered Bonds.....	17	Replacement Servicer .....	115, 256
Paying Agents .....	8, 86, 269	Required Outstanding Principal Balance Amount .....	262
Payment Day.....	105	Required Redemption Amount .....	262
Payment Services Directive .....	247	Reserve Ledger .....	28
PEPs.....	247	Reserve Ledger Required Amount.....	265
Permanent Global Covered Bond .....	126	Reset Date .....	95
personnel expenses .....	147	Resident Covered Bondholders.....	82
PONV .....	205	Rights Issue.....	149
Portfolio Manager.....	264	Risk Factors .....	1
Post Event of Default Priority of Payments.....	33, 92	Risk Management Committee.....	182
Potential Event of Default .....	34, 108	Sale Proceeds .....	264
Pre Event of Default Priority of Payments .....	29, 90	Same Ranking Liabilities .....	225
		Screen Rate Determination .....	109
		Secondary Covered Bond Legislation.....	13

Secured Creditors.....	14, 109	Subsidiary .....	115
Securities Act.....	4	Subsidised Interest Amounts.....	260
Segregation Event.....	25	Subsidised Loan .....	260
Selected Loan Offer Notice .....	261	Subsidised Loans .....	76
Selected Loan Removal Notice.....	261	Subsidy Bank Account.....	26
Selected Loans .....	65, 260	Subsidy Payments .....	26
Selection Date.....	110	sub-unit .....	102
Series .....	10, 87	Supporting Programs .....	55
Series Reserved Matter .....	119	T.E.A.P.E.T.E. ....	60
Servicer .....	7	TAC .....	166
Servicer Reports .....	25	Talons .....	87
Servicer Termination Event .....	256	TAP.....	60
Servicing and Cash Management Deed .....	34	TARGET2.....	98
Servicing and Cash Management Services .....	7	TARGET2 System.....	98
Specified Currency .....	86, 88	Tax Credit .....	253
Specified Denomination .....	86	Temporary Global Covered Bond.....	126
Specified Denomination(s) .....	88	Terms and Conditions .....	130
Specified Period.....	94	TFEU .....	208
Specified Time.....	270	Third Party Collection Account .....	27
SPVs .....	158	TR .....	238
SRF .....	245	Tranche .....	10, 87
SRM.....	58	Transaction Account .....	27
SSM .....	39, 197	Transaction Documents .....	36
Stabilization Programs.....	38	Transfer Agent .....	8
Staff Loan .....	21	Transfer Agents.....	86
State Subsidised Loans .....	260	Treaty .....	109
State/OEK Subsidised Loans .....	260	Trust Deed.....	86
State-subsidized loans.....	76	Trustee .....	8, 86
Statutory Pledge.....	13, 90, 271	USA PATRIOT Act 2001 .....	247
Statutory Test.....	22	VaR.....	171
Subordinated Termination Payment .....	31	VSS .....	147
Subscription Agreement .....	36	Zero Coupon Covered Bonds.....	12
Subscription Price.....	149		

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