

MARFIN POPULAR BANK PUBLIC COMPANY LIMITED

(incorporated with limited liability in the Republic of Cyprus)



€5 billion Residential Loans Covered Bond Programme

This Base Prospectus (the "**Base Prospectus**") has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank of Ireland (the "**Central Bank**") only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to covered bonds (the "**Covered Bonds**") issued under the €5 billion Residential Loans Covered Bond Programme (the "**Programme**") described in this Base Prospectus which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Covered Bonds issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof to be admitted to the Official List and trading on its regulated market. The regulated market of the Irish Stock Exchange is a Regulated Market for the purposes of Directive 2004/39/EC. The Programme also permits Covered Bonds to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. This document constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

Pursuant to the Programme, Marfin Popular Bank Public Co Ltd (the "**Issuer**") may from time to time issue Covered Bonds in bearer or registered form denominated in any currency agreed between the Issuer and the relevant Dealer. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €5 billion (or its equivalent in other currencies calculated as described herein and in accordance with the provisions of the Dealer Agreement) unless increased from time to time in accordance with the relevant provisions of the Dealer Agreement.

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

The payment of all amounts due in respect of the Covered Bonds will constitute direct and unconditional obligations of the Issuer, in addition having recourse to the Cover Pool.

The Issuer may or may not seek to have a rating assigned to any Series of Covered Bonds issued under the Programme. Any Series of Covered Bonds which is rated may be rated by one or more rating agencies. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

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

Arrangers and Dealers



BNP PARIBAS

The date of this Base Prospectus is 24 May 2011.

Responsibility Statements

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer further confirms that this Base Prospectus contains all information which is material in the context of the issue of the Covered Bonds, that such information contained in this document is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in it are honestly held by it and that there are no other facts the omission of which makes this Base Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect and all proper enquiries have been made to ascertain and to verify the foregoing. The Issuer accepts responsibility accordingly and the Issuer has confirmed to the Dealers that the Issuer accepts such responsibility.

Representations about the Covered Bonds

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Base Prospectus or any other document entered into in relation to the Programme 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 Dealers, the Trustee, the Agents, the Transaction Account Bank 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.

Each Series of Covered Bonds may be issued without the prior consent of the Covered Bondholders of any outstanding Covered Bonds subject to the terms set out herein under "*Terms and Conditions of the Covered Bonds*" (the "**Conditions**") as amended and/or supplemented by a document specific to such Series called the final terms (the "**Final Terms**"). This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Series of Covered Bonds which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. All Covered Bonds will rank *pari passu* and rateably without any preference or priority among themselves, irrespective of their Series, save with regard to the timing and amount of the repayment of principal and the timing and amount of interest payable.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

Selling Restrictions Summary

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 Dealers, the Trustee, the Agents, the Transaction Account Bank 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.

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

Interpretation

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 ("**EMU**"), and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

In this Base Prospectus, all references to "**Cyprus**" or to "**Cypriot**" are to the Republic of Cyprus.

Terms used in this Base Prospectus, unless otherwise indicated, have the meanings set out in this Base Prospectus. An index of defined terms used in this Base Prospectus appears on pages 144 to 146.

Language

The language of this Base Prospectus is English.

Websites

The websites referred in this Base Prospectus are not deemed to be incorporated by reference in this Base Prospectus.

Stabilisation

In connection with the issue of any Tranche or Series of Covered Bonds, the Dealer(s) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no obligation on the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) to undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche or 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 or Series of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche or Series of Covered Bonds. Such stabilisation must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall, as against the Issuer, be for the account of the Stabilising Manager(s).

CONTENTS

	Page
PRINCIPAL PARTIES	1
GENERAL DESCRIPTION OF THE PROGRAMME	2
PRINCIPAL FEATURES OF THE COVERED BONDS	2
STRUCTURE OVERVIEW	8
CREATION AND ADMINISTRATION OF THE COVER POOL	9
ACCOUNTS AND CASH FLOW STRUCTURE	18
DOCUMENTS INCORPORATED BY REFERENCE	22
RISK FACTORS	23
FORM OF THE COVERED BONDS	36
TERMS AND CONDITIONS OF THE COVERED BONDS	40
FORM OF FINAL TERMS	73
USE OF PROCEEDS	89
SUMMARY OF THE COVERED BOND LEGISLATION	90
DESCRIPTION OF THE ISSUER	95
THE BANKING SECTOR IN CYPRUS	120
ISSUER'S STANDARD BUSINESS PRACTICES FOR LOAN ASSETS	122
THE RESIDENTIAL MORTGAGE AND HOUSING MARKET IN CYPRUS	126
DESCRIPTION OF PRINCIPAL DOCUMENTS	128
TAXATION	139
SUBSCRIPTION AND SALE	141
GENERAL INFORMATION	144

PRINCIPAL PARTIES

Issuer:	Marfin Popular Bank Public Co Ltd as issuer of the Covered Bonds (the " Issuer ").
Servicer:	Marfin Popular Bank Public Co Ltd as servicer (the " Servicer ") will perform certain servicing, cash management, calculation, notification and reporting services in accordance with the Servicing Deed and the Covered Bond Legislation.
Arrangers:	BNP Paribas and Marfin Popular Bank Public Co Ltd (the " Arrangers ").
Dealers:	BNP Paribas and Marfin Popular Bank Public Co Ltd (the " Dealers ").
Covered Bond Monitor:	Mazars (the " Covered Bond Monitor ") will perform monitoring activities and conduct certain tests required by the Transaction Documents and the Covered Bond Legislation.
Trustee:	BNY Mellon Corporate Trustee Services Limited (the " Trustee ") will act as the trustee in accordance with the Trust Deed. The Trustee will hold the security granted pursuant to the Security Deed and the Statutory Pledge on trust for itself and the other Secured Creditors.
Transaction Account Bank:	The Bank of New York Mellon, acting through its London Branch (the " Transaction Account Bank ") as the bank at which the Transaction Account is held.
Principal Paying Agent:	The Bank of New York Mellon, acting through its London Branch (the " Principal Paying Agent ") will act as principal paying agent pursuant to the Agency Agreement.
Registrar:	The Bank of New York Mellon (Luxembourg) S.A. (the " Registrar ") will act as registrar pursuant to the Agency Agreement.
Calculation Agent and Transfer Agent:	The Bank of New York Mellon, acting through its London Branch (the " Calculation Agent " and " Transfer Agent ") will act as calculation agent and transfer agent respectively pursuant to the Agency Agreement.
Hedging Counterparties:	Each counterparty (each, a " Hedging Counterparty " and together, the " Hedging Counterparties ") that, from time to time, will enter into Hedging Agreements with the Issuer.
Listing Agent:	The Bank of New York Mellon (Ireland) Limited (the " Listing Agent ") will act as listing agent for the Covered Bonds issued under the Programme.

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 Conditions, in which event, if appropriate, a supplement to the Base Prospectus will be published.

PRINCIPAL FEATURES OF THE COVERED BONDS

Description:	Marfin Popular Bank Public Co Ltd €5 billion Residential Loans Covered Bond Programme.
Programme Amount:	Up to €5 billion (or its equivalent in other currencies determined as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Issuance in Series:	Covered Bonds will be issued in Series each subject to the terms set out in the relevant Final Terms. Save in respect of the first issue, Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms (in which case they will constitute a new Series). The Issuer may issue Covered Bonds without the prior consent of the holders of any outstanding Covered Bonds but subject to certain conditions.
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 which is continuing and that such issuance would not cause an Issuer Event, (ii) the Statutory Tests are satisfied and that such issuance would not cause a breach of the Statutory Tests, (iii) if applicable the Rating Agencies have confirmed the then current rating of any rated Covered Bonds 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, (iv) such issuance has been approved by the Central Bank of Cyprus in accordance with the Covered Bond Legislation and (v) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into.
Final Terms:	Final Terms will be issued and published for each Series or Tranche detailing certain provisions which, for the purposes of that Series only, supplements and/or amends the Conditions and the Base Prospectus and must be read in conjunction with the Conditions and the Base Prospectus.
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 bearer or registered form. Registered Covered Bonds will not be exchangeable for bearer Covered Bonds and bearer Covered Bonds will not be exchangeable for registered Covered Bonds.
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).
Issue Price:	Covered Bonds of each Series may be issued at par or at a premium or discount to par on a fully paid basis or partly paid basis (in each case, the " Issue Price " for such Series or Tranche) as specified in the relevant Final Terms in respect of such Series.

Specified Currency:	Subject to any applicable legal or regulatory restrictions, the currency or currencies which a Series is denominated in, as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms) (each, the " Specified Currency " in relation to such Series or Tranche).
Denominations:	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms save that, except in certain limited circumstances, the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than Euro, the equivalent amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Fixed Rate Covered Bonds:	Covered Bonds which bear interest at a fixed rate, payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of the Day Count Fraction agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms) (the " Fixed Rate Covered Bonds ").
Floating Rate Covered Bonds:	<p>Covered Bonds which bear interest at a rate determined:</p> <ul style="list-style-type: none"> (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), <p>as set out in the applicable Final Terms (the "Floating Rate Covered Bonds").</p> <p>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.</p>
Index Linked Interest Covered Bonds:	Covered Bonds in respect of which payments of interest are calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms (the " Index Linked Interest Covered Bonds ").
Dual Currency Interest Covered Bonds:	Covered Bonds in respect of which payments of interest, whether at maturity or otherwise, will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms (the " Dual Currency Interest Covered Bonds ").
Variable Interest Covered Bonds:	Index Linked Interest Covered Bonds, Dual Currency Interest Covered Bonds and other Covered Bonds (excluding Floating Rate Covered Bonds) where the Interest Rate is variable (the " Variable Interest Covered Bonds ").

Other provisions in relation to Floating Rate Covered Bonds and Variable Interest Covered Bonds:	Floating Rate Covered Bonds and Variable Interest Covered Bonds may have a Maximum Interest Rate, a Minimum Interest Rate or both (as indicated in the applicable Final Terms). Interest on Floating Rate Covered Bonds and Variable Interest 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).
Zero Coupon Covered Bonds:	Covered Bonds bearing no interest which are offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms (the " Zero Coupon Covered Bonds ").
Partly Paid Covered Bonds:	Covered Bonds may be issued on a partly paid basis in which case interest will accrue on the paid up amount of such Covered Bonds or 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 " Partly Paid Covered Bonds ").
Payments on the Covered Bonds:	Payments on the Covered Bonds will be direct and unconditional obligations of the Issuer. On each Interest Payment Date the Issuer will pay amounts then due and payable under the Covered Bonds.
Interest Payment Dates:	In relation to any Series of Covered Bonds, the Interest Payment Date stated in the applicable Final Terms (as the case may be).
Taxation:	All payments of principal, interest and other proceeds (if any) on the Covered Bonds will be made free and clear of any deduction for Cypriot withholding or substitute taxes, unless the Issuer or any intermediary involved in the collection of interest and other amounts on the Covered Bonds is required by applicable law to make such a withholding or deduction. In the event that such withholding, or deduction is required by law, the Issuer will not be required to pay any additional amounts in respect of such withholding or deduction except as required by Condition 10.1(<i>Gross up</i>).
Ranking of the Covered Bonds:	The Covered Bonds of all Series will rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among themselves for all purposes (save for the timing of the repayment of principal and the timing and amount of interest payable).
Status of the Covered Bonds:	The Covered Bonds are issued on an unconditional basis and in accordance with law 130(I)/2010 (the " Law ") and the Central Bank of Cyprus Directive 526/2010 (the " Directive ", and together with the Law, the " Covered Bond Legislation "). The Covered Bonds are backed by assets forming part of the Cover Pool which are governed by Cypriot law, and are subject to a statutory pledge pursuant to s16(b) of the Law (the " Statutory Pledge ").
Availability of Cover Pool for the Covered Bondholders:	In accordance with the Transaction Documents, the Cover Pool will be available following an Issuer Event which is continuing or the delivery of a Notice of Default, 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 Secured Creditors.
English Law Security Deed:	The Issuer shall assign its rights arising under the Transaction Account, the Complementary Assets (to the extent not subject to the Statutory Pledge) and any Transaction Document governed by English law to the Trustee (for itself and on behalf of the Secured Creditors) in accordance

with the Security Deed.

Cross collateralisation and Recourse:

Pursuant to the Covered Bond Legislation and in accordance with the Transaction Documents, the Cover Pool Assets in a Cover Pool form a single portfolio, irrespective of their date of assignment to the Cover Pool and shall be subject to the Statutory Pledge in favour of all the Secured Creditors of that Cover Pool irrespective of the Issue Date of the relevant Series. The Issuer may create more than one Cover Pool, the Cover Pool Assets of each Cover Pool form a separate portfolio from other Cover Pools and are not available to Secured Creditors of other Cover Pools.

Final Maturity Date and Extended Final Maturity Date:

The final maturity date for each Series will be specified in the relevant Final Terms as agreed between the Issuer and the relevant Dealer(s) (the "**Final Maturity Date**"). Unless specified otherwise in the Final Terms or redeemed early, the Covered Bonds of each Series will be redeemed at their Principal Amount Outstanding on the relevant Final Maturity Date.

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) (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 provided that, any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Interest will continue to accrue and be payable on any unpaid amounts on each Interest Payment Date up to the Extended Final Maturity Date in accordance with the Conditions and the Issuer will make payments on each relevant Interest Payment Date and Extended Final Maturity Date.

If the Covered Bonds are not redeemed in full on the relevant Final Maturity Date or where the Covered Bonds are subject to an Extended Final Maturity Date, on the Extended Final Maturity Date, then the Trustee may or shall, as the case may be, 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, if applicable, its 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, if 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.

Optional Redemption for Taxation Reasons:

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the relevant Covered Bond is not a Floating Rate Covered Bond or a Variable Interest Covered Bond) or on any Interest Payment Date (if the relevant Covered Bond is a Floating Rate Covered Bond or a Variable Interest Covered Bond):

- (a) on giving not less than 30 nor more than 60 days' notice to the Trustee and the Covered Bondholders (which notice shall be irrevocable); and

- (b) 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, that the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 10.1 (*Gross up*),

provided, however, that the Issuer has sufficient funds to discharge any amounts due in priority to the Covered Bondholders in the relevant Payments Priorities.

Redemption at Option of the Issuer:

The Final Terms may specify that there is an "Issuer Call" in relation to a Series of Covered Bonds. In which case on any Optional Redemption Date the Issuer may redeem some or all of the outstanding Covered Bonds of that Series at the Optional Redemption Amount(s) together with interest accrued thereon, provided that the Issuer has sufficient funds to discharge any amounts due in priority to the Covered Bondholders in the relevant Payments Priorities.

Redemption at Option of the Covered Bondholders:

The Final Terms may specify that there is an "Investor Put" in relation to a Series of Covered Bonds. In which case a Covered Bondholder may give an irrevocable put notice to the Issuer not less than 30 nor more than 60 days prior to the Optional Redemption Date (or such other period specified in the applicable Final Terms). The Issuer will then redeem such Covered Bonds on the Optional Redemption Date at the relevant Optional Redemption Amount together with accrued interest thereon, provided that the Issuer has sufficient funds to discharge any amounts due in priority to the Covered Bondholders in the relevant Payments Priorities.

Events of Default:

It will be an Event of Default (an "**Event of Default**") in respect of the Covered Bonds if:

- (a) there is a failure to pay any amount of principal or interest in respect of the Covered Bonds within seven days of the due date for payment of such; or
- (b) following the occurrence of an Issuer Insolvency Event, the Covered Bond Business Administrator determines that the applicable Cover Pool is insufficient to meet the Issuer's liabilities under the relevant Series of Covered Bonds.

If an Event of Default occurs and is continuing, the Trustee may, or may be required to, deliver a Notice of Default which will cause the Covered Bonds of each Series to become immediately due and payable.

Ratings:

The Issuer may or may not seek to have a rating assigned to any Series of Covered Bonds issued under the Programme. Any Series of Covered Bonds which is rated may be rated by one or more rating agencies.

Listing:

Application has been made to the Irish Stock Exchange for the Covered Bonds issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof to be admitted to the Official List and trading on its regulated market.

However, the Issuer and each relevant Dealer may agree to make an application to list Series on any other stock exchange as specified in the relevant Final Terms. Any Series may also be issued on an unlisted basis.

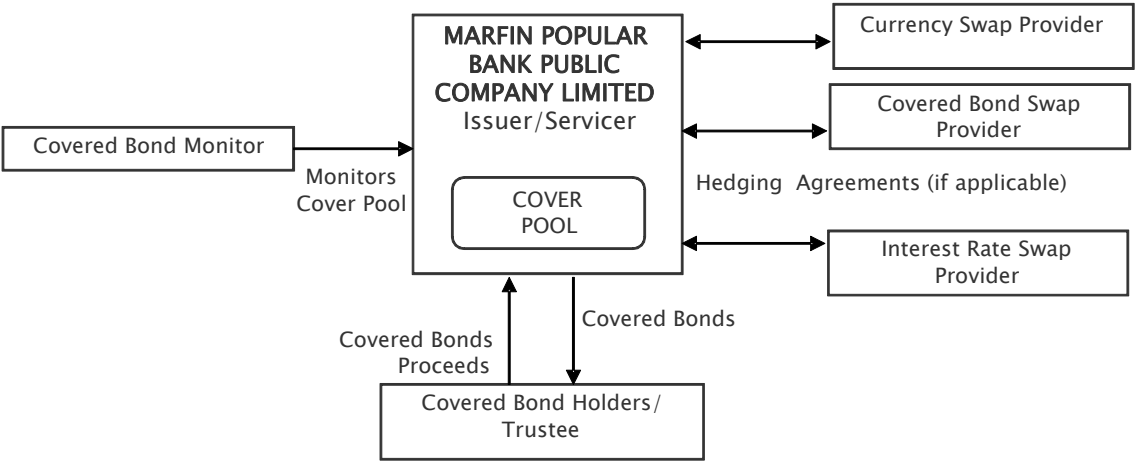
Clearing Systems:

Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Series of Covered Bonds, 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 and the European Economic Area (including the United Kingdom and Cyprus). Other restrictions may apply in connection with the offering and sale of a particular Tranche or Series of Covered Bonds. See " <i>Subscription and Sale</i> ".
Covered Bond Legislation:	The Covered Bonds will be issued pursuant to the Covered Bond Legislation.
Provisions of Transaction Documents:	The Covered Bondholders are bound by and are deemed to have notice of all provisions of the Transaction Documents applicable to them.
Governing law:	<p>The Transaction Documents will be governed by, and construed in accordance with, English Law.</p> <p>The Conditions will be governed by, and construed in accordance with, English law.</p>

STRUCTURE OVERVIEW

Set forth below is a diagram of the general structure of the transaction.



CREATION AND ADMINISTRATION OF THE COVER POOL

The Cover Pool: Pursuant to the Covered Bond Legislation the following, including any cash flows deriving therefrom, may constitute the cover pool for the Covered Bonds (together the "**Cover Pool**" and each a "**Cover Pool Asset**"):

- (a) certain eligible assets set out in the Covered Bond Legislation, including residential mortgage loans (the "**Loans**") together with any mortgages, guarantee or indemnity payments or other security which may be granted or due, as the case may be, in connection with the Loan Assets (the "**Related Security**", and together with the Loans) the "**Loan Assets**");
- (b) derivative financial instruments, including but not limited to the Hedging Agreements, satisfying the requirements of the Covered Bond Legislation;
- (c) deposits with credit institutions including but not limited to the Transaction Account and the Special Transaction Account; and
- (d) Complementary Assets.

Registration: By virtue of the entry in a cover pool register, pursuant to the Covered Bond Legislation (a "**Cover Pool Register**") on or prior to the issue date for the relevant 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 from time to time.

Undertakings of the Servicer in respect of the Cover Pool: Pursuant to the Transaction Documents, the Servicer undertakes to manage the Cover Pool in the interest of the relevant 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 Servicer.

Representations and Warranties of the Issuer: Under the Servicing 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 therein;
- (b) the legality, validity, binding nature and enforceability of the obligations assumed by it;
- (c) the existence of the Cover Pool Assets, the absence of any lien attaching to the Cover Pool Assets and the full legal title of the Issuer to the Cover Pool Assets;
- (d) the validity and enforceability against the relevant debtors of the Cover Pool Assets; and
- (e) the entry into and performance by it of, and the transactions contemplated by, the Transaction Documents and the granting of the Security by it do not and will not conflict with: (i) any law or regulation applicable to it; (ii) its constitutional documents; or (iii) any agreement or instrument binding upon it or its assets or constitute a default or termination event (however described) under any such agreement or instrument (including any breach of any negative pledge covenants under any such agreement or

instrument).

Eligibility Criteria:

Each of the Loan Assets to be included in the Cover Pool shall comply with criteria (the "**Eligibility Criteria**") as set out in further detail under "*Description of Principal Documents*".

Optional changes to the Cover Pool:

The Issuer shall be entitled, subject to making an entry in the relevant Cover Pool Registry so providing, to:

- (a) designate further assets (the "**Additional Cover Pool Assets**") which comply with the Eligibility Criteria to the Cover Pool for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests and/or maintaining the initial ratings (if any) assigned to the Covered Bonds and/or for any other reason set out opposite the heading "*Adjustment of the Bond Percentage*" below; and
- (b) prior to the occurrence of an Issuer Event which is continuing or would occur as a result of such removal or substitution: (i) remove Cover Pool Assets from the Cover Pool, provided that the Statutory Tests are satisfied and will not be breached by such removal and the Covered Bond Monitor is confirming such fact on a monthly basis, or (ii) substitute Cover Pool Assets with Additional Cover Pool Assets,

provided that in relation to any such changes any applicable Rating Agency requirements are complied with.

Upon any addition (including by way of substitution) to the Cover Pool of Additional Cover Pool Assets or any removal of Cover Pool Assets, the Issuer (i) shall comply with its obligations under the Covered Bond Legislation and in particular ensure that the Cover Pool Assets or Additional Cover Pool Assets (as applicable) are registered in or removed from the cover pool register and (ii) represents that as of the date of any such addition (including by way of substitution) to the Cover Pool of Additional Cover Pool Assets, that no Issuer Insolvency Event has occurred or will occur as a result of such addition provided that in the event that such representation would not as of such date be true the Issuer will be not permitted to make any addition (including by way of substitution) to the Cover Pool of Additional Cover Pool Assets as at such date.

Disposal of the Loan Assets:

Following the occurrence of an Issuer Event which is continuing, the Issuer will be obliged to sell Selected Loans in accordance with the Servicing Deed. The proceeds from any such sale will be credited to the Transaction Account and applied in accordance with the relevant Payments Priorities.

Following the occurrence of an Issuer Event which is continuing, the Issuer shall have the right to prevent the sale of any Loan Asset(s) to third parties by crediting to the Transaction Account within 10 Business Days an amount equal to the greater of (i) the market value of all such Loan Asset(s) determined as the highest bid obtained by the Property Consultant appointed by the Trustee (acting in good faith) from a third party for such Loan Asset(s), and (ii) the then Outstanding Principal Balance plus accrued interest and any arrears of interest on all such Loan Assets(s).

Following the delivery of a Notice of Default, the Trustee may, after having been indemnified and/or secured to its satisfaction, direct the Issuer to dispose of some or all of the Loan Assets and other Cover Pool

Assets as it sees fit.

Statutory Tests:

Pursuant to the Covered Bond Legislation, the Cover Pool is subject to the following tests, as set out in the Servicing Deed to ensure a level of basic collateralisation and supervisory overcollateralisation (the "**Statutory Tests**"):

- (a) *Bond Coverage Test*: The product of the Bond Percentage multiplied by the Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, must be less than the sum of:
- (i) the Aggregate Adjusted Outstanding Principal Balance; plus
 - (ii) all interest accrued on the Adjusted Outstanding Principal Balance of Loans comprised in the Cover Pool; plus
 - (iii) the outstanding principal balance of the Complementary Assets in the Cover Pool and accrued interest thereon (in each case less any amounts which may be set-off) provided that such Complementary Assets must be rated at least the minimum rating stated in the relevant Final Terms (the "**Bond Coverage Test**").

"**Bond Percentage**" means the highest bond percentage stated in the Final Terms in relation to all Series of Covered Bonds outstanding from time to time which reflects the committed contractual overcollateralisation on a nominal basis

- (b) *Basic Cover Nominal Value Test*: The Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than:
- (i) the Aggregate Adjusted Outstanding Principal Balance of all Loans in the Basic Cover; plus
 - (ii) all interest accrued on the Adjusted Outstanding Principal Balance of Loans comprised in the Basic Cover; plus
 - (iii) the outstanding principal balance of the Complementary Assets in the Basic Cover and accrued interest thereon (in each case less any amounts which may be set-off and provided that such amount of Complementary Assets may not exceed 15% of the Principal Amount Outstanding of all Covered Bonds); plus
 - (iv) the net present value of the Hedging Agreements (provided that this does not exceed 10 per cent. of the aggregate of the Principal Amount Outstanding of the Covered Bonds and accrued interest thereon) (together the "**Basic Cover Nominal Value**").

"**Basic Cover**" means the Basic Collateralisation required by s24 of the Cypriot Directive.

- (c) *Basic Cover Net Present Value Test*: The Euro Equivalent of 105% of the total net present value of the Issuer's liabilities to the Secured Creditors (any non-euro denominated liabilities to Secured Creditors (other than the Covered Bondholders) will be

converted into euro on the basis of the exchange rate published by the European Central Bank as at such date) is less than or equal to the total net present value of:

- (i) the Loans in the Basic Cover, assuming that each has an outstanding principal balance equal to its Adjusted Outstanding Principal Balance minus any amounts which may be set-off by the relevant Borrower and that it bears interest on such amount; plus
- (ii) the Complementary Assets in the Basic Cover (less any amounts which may be set-off and provided that such amount of Complementary Assets may not exceed 15% of the Principal Amount Outstanding of all Covered Bonds); plus
- (iii) the receipts from Hedging Agreements (provided that the total net present value of Hedging Agreements does not exceed 10 per cent. of the aggregate of the Principal Amount Outstanding of the Covered Bonds and accrued interest thereon) (together the "**Basic Cover Net Present Value**"),

under the following stress scenarios:

- (A) parallel interest rate changes of +200 or -200 basis points;
- (B) changes in interest rates from shifts in the yield curves on the basis of a 99% confidence interval and a holding period of 6 months, using as reference the daily changes in interest rates of the previous 365 calendar days;
- (C) exchange rate changes of the currency in which the relevant Series is denominated against:
 - (1) the Euro and other EU member state currencies, of 10%;
 - (2) the currencies of the USA, Canada, Japan, Switzerland and Australia, of 15%; and
 - (3) any other currencies, of 25%; and
- (D) changes in exchange rates on the basis of a 99% confidence interval and a holding period of 6 months, using as reference the daily changes in exchange rates of the previous 365 calendar days.

In case where the present value of currency obligations is higher/(lower) than the present value of the currency cover asset positions, then the above percentages shall be applied to increase/(decrease) the exchange rate.

- (d) *Interest Cover Test*: Interest receipts from Cover Pool Assets in the next 180 days must be reconciled with interest due on the Covered Bonds in the next 180 days and the Issuer must ensure that the Complementary Assets (in each case less any amounts which may be set off) contained in the Basic Collateralisation

and/or the Supervisory Overcollateralisation required by the Covered Bond Legislation, cover the highest net interest shortfall which may result (provided that for these purposes the limit on Complementary Assets in paragraph 1.3 above does not apply, and provided further that Complementary Assets which are claims against credit institutions do not at any time exceed 15% of the Principal Amount Outstanding of all Covered Bonds).

- (e) *Pre-Maturity Test:* The Issuer must maintain Complementary Assets (provided that for these purposes the limit on Complementary Assets in paragraph (a)(iii) above, does not apply and provided further that claims against credit institutions do not at any time exceed 15% of the Principal Amount Outstanding of all Covered Bonds) or "liquid assets" (as defined in the Central Bank of Cyprus directives for the purposes of prudential liquidity requirements, and which in the case of liquid assets may be kept outside the Cover Pool provided that they are earmarked exclusively for the repayment of the Covered Bonds and are not taken into consideration for the purposes of computing compliance with Central Bank of Cyprus directives on prudential liquidity), with a principal balance (in each case less any amounts which may be set-off) at least equal to:
 - (i) for the period between 180 days to 30 days before the Final Maturity Date of any Series of Covered Bonds, 50% of the Principal Amount Outstanding of the Covered Bonds falling due on such due date; and
 - (ii) for the period between 30 days prior to the Final Maturity Date and the Final Maturity Date of any Series of Covered Bonds, 100% of the Principal Amount Outstanding of the Covered Bonds falling due on such due date.
- (f) *Weighted Average Life Test:* The weighted average life of the Cover Pool Assets (to the extent such Cover Pool Assets are included in the calculations of the Basic Cover Nominal Value Test set out in paragraph (a) above and the Supervisory Overcollateralisation Test set out in paragraph (f) below) does not exceed the weighted average life of the Covered Bonds.
- (g) *Supervisory Overcollateralisation Test:* The Complementary Assets (provided that for these purposes the limit on Complementary Assets in paragraph (a)(iii) above, does not apply) in the Cover Pool in excess of those required to satisfy the Nominal Value Test, have a principal balance (in each case less any amounts which may be set-off) at least equal to 5% of the Principal Amount Outstanding of all Covered Bonds.

Adjustment of the Bond Percentage

The Issuer shall only be able to adjust the level of the Bond Percentage in order to adjust the level of Contractual Overcollateralisation in the following circumstances:

- (i) for rated Covered Bonds, the Issuer may increase the level of Contractual Overcollateralisation, by increasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, in order to maintain the then current rating of such Covered Bonds;
- (ii) the Issuer may increase the level of Contractual Overcollateralisation, by increasing the Bond Percentage

through amending the Final Terms of the outstanding Series of Covered Bonds, in order to obtain an upgrade of the rating of any Covered Bonds in the event that such higher rating is required for the Covered Bonds to become or remain eligible collateral for Eurosystem credit operations;

- (iii) in cases other than those mentioned above, the Issuer may increase the level of Contractual Overcollateralisation, by increasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, in order to cause an upgrade of the rating of any Covered Bonds only with the competent authority's prior approval;
- (iv) for Covered Bonds rated by Fitch, the Issuer may only decrease the level of Contractual Overcollateralisation, by decreasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, to the extent that this would not result in a lowering of the original rating from Fitch of such Covered Bonds; and
- (v) for Covered Bonds rated by Moody's, the Issuer may only decrease the level of Contractual Overcollateralisation, by decreasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, if this would cause the overcollateralisation to be at the level necessary to ensure that each Series of outstanding Covered Bonds rated by Moody's achieves and maintains the original rating assigned to such Series of Covered Bonds by Moody's on their relevant Issue Date using Moody's expected loss methodology as determined at such Issue Date.

"Basic Collateralisation" means the basic collateralisation required by the Covered Bond Legislation;

"Contractual Overcollateralisation" means any additional overcollateralisation required to comply with the Bond Coverage Test, over and above the Basic Collateralisation and Supervisory Overcollateralisation, provided that such additional overcollateralisation cannot be negative; and

"Supervisory Overcollateralisation" means the supervisory overcollateralisation required by s25 of the Directive.

Furthermore the Statutory Tests may be supplemented or new tests added and the definition of "Cover Pool Asset" may be amended by the Issuer from time to time without the consent of the Trustee as a consequence of, *inter alia*, including in the Cover Pool, Cover Pool Assets which have characteristics other than those pertaining to the Initial Assets and/or changes to the hedging policies or servicing and collection procedures of the Issuer provided that the Rating Agencies have been notified of such amendment, in each case so as to introduce more stringent requirements than those set out in the Covered Bond Legislation, in respect of any Cover Pool and related Series of Covered Bonds in order to satisfy rating agency criteria and for the purposes of obtaining or maintaining a rating on any Series of Covered Bonds. Notice of the intention to introduce any such supplemental or additional tests or amendment of the definition of "Cover Pool Asset" will be promptly given to the Trustee. Any such

supplemental or additional tests or amendment of the definition of "Cover Pool Asset" will be documented by way of a supplemental deed to this Servicing Deed signed by the Issuer, the Servicer and the Trustee. The Trustee shall be bound to sign such supplemental deed upon receipt of a certificate signed by the Issuer confirming that such supplemental or additional tests or amendment of the definition of "Cover Pool Asset" are required in order to satisfy the rating criteria of the Rating Agencies and for the purpose of obtaining or maintaining a rating for any Series of Covered Bonds and the Trustee shall not be liable to the Covered Bondholders or the Secured Creditors for any consequence of so doing.

**Compliance with
Statutory Tests:**

The Servicer will check compliance with the Statutory Tests on each Calculation Date, or in respect of months in which there is no Calculation Date the fifth Business Day of such month. The Covered Bond Monitor will check compliance, on an on-going basis as per the Covered Bond Monitor application submitted to the Central Bank of Cyprus, with the Statutory Tests as described in "*Description of Principal Documents - Covered Bond Monitor Agreement*" below.

Breach of Statutory Tests:

If any of the Statutory Tests noted above are not satisfied, the Issuer must take immediate remedial action.

The Issuer and the Servicer will immediately notify the Trustee of the 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 breach has been cured.

Issuer Events:

If any of the following events (each, an "**Issuer Event**") occurs:

- (a) an Issuer Insolvency Event;
- (b) any present or future Indebtedness of the Issuer becomes due and payable prior to the stated maturity thereof as extended by any grace period originally applicable thereto; or any present or future guarantee of, or indemnity given by the Issuer in respect of, Indebtedness is not honoured when called upon or within any grace period originally applicable thereto, provided that the amount of such Indebtedness individually or in the aggregate exceeds €10,000,000 (or its equivalent in any other currency or currencies);
- (c) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Covered Bonds or the Transaction Documents, which in the sole opinion of the Trustee would have a materially prejudicial effect on the interests of the Covered Bondholders, and such default (i) is, in the sole opinion of the Trustee, incapable of remedy or (ii) is, in the sole opinion of the Trustee, capable of remedy and remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer;
- (d) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Covered Bonds or the Transaction Documents, which in the sole opinion of the Trustee would have a materially prejudicial effect on the interests of the Covered Bondholders;
- (e) if there is a failure to satisfy any Statutory Test on any Calculation Date, or on the monthly date when checked by the Servicer, which is not remedied (for example by the addition of

new Loan Assets to the Cover Pool or the depositing of cash collateral in the Transaction Account) within 5 Business Days (a "Test Event");

- (f) there is a failure to pay the Final Redemption Amount on the Final Maturity Date in respect of any Series for which an Extended Final Maturity Date is specified in the applicable Final Terms, which shall constitute an Issuer Event only for so long as the Final Redemption Amount has not been paid in full; or
- (g) there is a failure to pay any amount of interest in respect of any Series of Covered Bonds on the due date for payment of such (disregarding any grace period),

then, for so long as such Issuer Event is continuing, (i) no further Covered Bonds may be issued and (ii) 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 to the Secured Creditors in accordance with the relevant Payments Priorities.

Set-off:

Pursuant to the Covered Bond Legislation, the Issuer will include in a Cover Pool, Cover Pool Assets to compensate for amounts payable from Cover Pool Assets in the Cover Pool that are subject to set-off. The Issuer will determine the amount of Cover Pool Assets which are required for such purpose.

Servicing and collection procedures:

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

- (a) collection and recovery in respect of each Cover Pool Asset;
- (b) administration and management of the Cover Pool;
- (c) management of any judicial or extra judicial proceeding connected to the Cover Pool;
- (d) keeping accounting records of the amounts due and collected under the Loan Assets and the Hedging Agreements;
- (e) preparation of quarterly reports (to be submitted to the Trustee, the Covered Bond 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;
- (f) carrying out the reconciliation of the amounts due and the amounts effectively paid by the debtors under the Loans; and
- (g) notifying the Borrowers following the delivery of a Notice of Default or the occurrence of an Issuer Insolvency Event (each of which is continuing) to make all payments directly to the Transaction Account (or such other account as is approved in writing by the Trustee).

Replacement of Servicer in servicing and collection procedures:

The Trustee may appoint a third party to perform the Servicer's role in relation to the servicing and collection procedures and cash management functions, on the happening of any of the Servicer Events set out under "*Description of the Principal Transaction Documents - Servicing Deed*" below.

On this occurring the Servicer will cease to perform such functions under

the Servicing Deed.

**Ongoing Data Disclosure
Requirements:**

The Issuer must disclose on a quarterly basis, in a publicly accessible area, to which the notes in its annual and interim financial statements make reference, certain information relating to the Principal Amount Outstanding of the Covered Bonds and the collateralisation therefor, as required by the Covered Bond Legislation.

ACCOUNTS AND CASH FLOW STRUCTURE

Special Transaction Account:	<p>Prior to the delivery of a Notice of Default or the occurrence of an Issuer Event (in each case which is continuing), amounts in respect of the Loan Assets received from the Borrowers will continue to be paid into accounts with the Issuer but the Servicer will be required to transfer such funds within 1 Business Day of receipt to a segregated account (the "Special Transaction Account") where they will be subject to the Statutory Pledge. The Issuer will not commingle any of its own funds and general assets with amounts standing to the credit of the Special Transaction Account.</p> <p>Prior to the delivery of a Notice of Default or the occurrence of an Issuer Event (disregarding any grace periods with respect to breach of any Statutory Test) (in each case which is continuing), any amounts in the Special Transaction Account may be withdrawn by the Issuer in accordance with the provisions of the Covered Bond Legislation. Following the delivery of a Notice of Default or the occurrence of an Issuer Event (in each case, which is continuing), any such amounts will be credited to the Transaction Account.</p> <p>Following the delivery of a Notice of Default or the occurrence of an Issuer Insolvency Event (each of which is continuing) and if required by a Rating Agency, the Servicer shall (and the Trustee may), instruct the Borrowers to make payments in respect of the Loan Assets direct to the Transaction Account (or such other account as is approved in writing by the Trustee).</p>
Transaction Account:	<p>The Issuer shall establish and maintain with the Transaction Account Bank a Euro denominated account (the "Transaction Account") which will consist of a revenue ledger (the "Revenue Ledger"), and hedge collateral ledgers (the "Hedge Collateral Ledgers").</p>
Revenue Ledger:	<p>The Revenue Ledger will be credited with the following amounts:</p> <ul style="list-style-type: none">(a) all amounts standing to the credit of the Special Transaction Account (following the delivery of a Notice of Default or an Issuer Event which is continuing);(b) any amount received by the Issuer (following the delivery of a Notice of Default or an Issuer Event which is continuing in respect of the Cover Pool Assets;(c) any amounts paid to the Issuer by any Hedging Counterparty under a Hedging Agreement, other than payments of collateral by any Hedging Counterparty;(d) any drawing permitted to be made from the relevant Hedge Collateral Ledger in satisfaction of amounts owing to the Issuer by a Hedging Counterparty;(e) where the proceeds of disposal or on maturity of any Complementary Asset (which derived from amounts invested from any Ledger) exceed the original cost of such Complementary Asset, the amount of such excess except those amounts attributable to the Hedge Collateral Ledgers;(f) any interest, dividends or other income earned on any Complementary Asset except those amounts attributable to the Hedge Collateral Ledgers;(g) any interest, dividends or other income earned on any Complementary Assets;(h) any amount deposited by the Issuer when effecting optional substitution of Cover Pool Assets;

- (i) any amount deposited by the Issuer to ensure compliance with the Statutory Tests;
- (j) any amount in connection with the sale of Cover Pool Assets; and
- (k) any interest accrued and credited to the Transaction Account.

The Issuer may make the following drawings from the Revenue Ledger:

- (i) prior to the delivery of a Notice of Default or the occurrence of an Issuer Event (disregarding any grace periods with respect to breach of any Statutory Test) (in each case which is continuing), any amounts in excess of what is necessary to ensure the Cover Pool satisfies the Statutory Tests, to be used for the Issuer's own purposes as it sees fit; and
- (ii) following the occurrence of an Issuer Event which is continuing, any payments to be made in accordance with the Payments Priorities.

Hedge Collateral Ledgers: The Hedge Collateral Ledgers will be credited with amounts of collateral (together with any interest or other income earned thereon) provided by the Hedging Counterparties and will be operated in accordance with the terms of the Servicing Deed.

Complementary Assets: In accordance with the terms of the Servicing Deed, the Servicer may, in its discretion invest sums standing to the credit of the Transaction Account in Complementary Assets.

Programme Payment Date Payments Priorities: Subject to the requirements of the Covered Bond Legislation (as may be amended and restated from time to time), prior to the delivery of a Notice of Default, the Issuer (or the Servicer on its behalf) will make on each Programme Payment Date the following payments (including provision for any such amounts which are not then due and payable but which are expected to become due and payable prior to the next Programme Payment Date and the payment of which will be made on the relevant due date) (the "**Programme Payment Date Payments Priorities**") in the following order of priority (in each case only if and to the extent that payments (and provisions) of a higher priority have been made in full):

- (i) *first, pari passu* and *pro rata* all amounts due and payable to any Covered Bond Business Administrator and the Covered Bond Monitor (provided that all amounts due and payable to the Trustee (a) in respect of activities, services or other matters performed at the behest, or with the consent, of the Covered Bond Business Administrator and/or the Central Bank of Cyprus or (b) resulting from or in connection with the holding of any meetings of Covered Bondholders or (c) resulting from or related to any actions taken or to be taken pursuant to resolutions passed at such meetings (provided that the amounts due and payable to the Trustee in respect of such actions have been approved by the Covered Bondholders at any such meetings) will be treated as amounts due and payable to the Covered Bond Business Administrator and be paid at this level of priority);
- (ii) *second, pari passu* and *pro rata*, all amounts due and payable to the Trustee (and not paid pursuant to (i) above), the other Secured Creditors and the Covered Bondholders; and
- (iii) *third*, any excess amounts to the Issuer.

"**Expenses**" means any documented fees, costs, liabilities and expenses required to be paid to any third party creditor of the Issuer (other than the Secured Creditors) in connection with the issue, listing or rating of, or other expenses directly related to, the Covered Bonds and/or the Programme.

Source of funds Prior to the occurrence of an Issuer Event which is continuing, the Issuer will make

**for Programme
Payment Date
Payments
Priorities:**

payments under the Programme Payment Date Payments Priorities out of its own funds, not including amounts standing to the credit of the Transaction Account. Upon the occurrence of an Issuer Event which is continuing, amounts standing to the credit of the Revenue Ledger may be applied to make payments under the Programme Payment Date Payments Priorities to the extent not made from the Issuer's own funds.

Post Event of Default Priority of Payments:

Subject to the requirements of the Covered Bond Legislation (as may be amended and restated from time to time), following delivery of a Notice of Default all amounts received or recovered in relation to the Cover Pool, any Complementary Assets and the Transaction Documents (other than amounts standing to the credit of the Hedge Collateral Ledgers which shall be applied in accordance with the relevant Hedging Agreement) shall be applied on any Business Day in accordance with the following order of priority of payments (in each case only if and to the extent that payments of a higher priority have been made in full) (the "**Post Event of Default Priority of Payments**") to make or provide for the following payments:

- (i) *first, pari passu and pro rata* all amounts due and payable to the Covered Bond Business Administrator and the Covered Bond Monitor (provided that all amounts due and payable to the Trustee (a) in respect of activities, services or other matters performed at the behest, or with the consent, of the Covered Bond Business Administrator and/or the Central Bank of Cyprus or (b) resulting from or in connection with the holding of any meetings of Covered Bondholders or (c) resulting from or related to any actions taken or to be taken pursuant to resolutions passed at such meetings (provided that the amounts due and payable to the Trustee in respect of such actions have been approved by the Covered Bondholders at any such meetings) will be treated as amounts due and payable to the Covered Bond Business Administrator and be paid at this level of priority);
- (ii) *second, pari passu and pro rata*, all amounts due and payable to the Trustee (and not paid pursuant to (i) above), the other Secured Creditors and the Covered Bondholders; and
- (iii) *third*, to pay all excess amounts to the Issuer.

Hedging Agreements:

The Issuer may, from time to time during the Programme, enter into Interest Rate Swap Agreements, Currency Swap Agreements and Covered Bond Swap Agreements, (together the "**Hedging Agreements**") with one or more hedging counterparties for the purpose of, *inter alia*, protecting itself against certain risks (including interest, currency and credit) related to the Loan Assets and/or the Covered Bonds.

Following the delivery of a Notice of Default or an Issuer Event which is continuing any amounts due from any Hedging Counterparty will be paid by the Hedging Counterparties direct to the Transaction Account and may not be drawn by the Issuer.

Investor Report:

Quarterly no later than two Business Days before a Programme Payment Date (each an "**Investor Report Date**") the Issuer will produce an investor report (the "**Investor Report**"), which will contain information regarding the Covered Bonds and the Cover Pool Assets, including statistics relating to the financial performance of the Cover Pool Assets. Such report will be available to prospective investors in the Covered Bonds and to Covered Bondholders on Bloomberg and on the following websites:

<https://gctinvestorreporting.bnymellon.com/Home.jsp>

<http://www.marfinbank.com/EN/InvestorRelations/DebtInvestors/CypriotMortgageCoveredBondProgramme/Pages/Home.aspx>

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with each and any supplement to this Base Prospectus prepared from time to time and the following documents and any supplement to this Base Prospectus shall be deemed to modify or supersede the contents of the Base Prospectus to the extent that a statement contained in any such document is inconsistent with such contents. The following documents are being incorporated by reference into this Base Prospectus in accordance with Article 11 of the Prospectus Directive:

1. the auditors' report and financial statements in respect of the Issuer for the financial period ended 31 December 2010 which have been previously filed with the Cyprus Stock Exchange and the Stock Exchange; and
2. the auditors' report and financial statements in respect of the Issuer for the financial period ended 31 December 2009 which have been previously filed with the Cyprus Stock Exchange and the Stock Exchange.

For further details of the Issuer, refer to "*Description of the Issuer*".

This Base Prospectus (or any document incorporated by reference in this Base Prospectus) will be made available free of charge at the Specified Office of any Paying Agent.

RISK FACTORS

The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors relating to the Covered Bonds

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

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

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

The Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone 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 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.

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 other Transaction Parties. 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 Transaction Parties, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme.

Extendable maturity of the Covered Bonds

The applicable Final Terms may provide that the Issuer's obligation to pay principal under the relevant Covered Bonds may be deferred past the Final Maturity Date until the Extended Final Maturity Date (as specified in the Final Terms). In such case, such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount in respect of the relevant Series of Covered Bonds on their Final Maturity Date. Any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Interest will continue to accrue and be payable on any unpaid amounts on each Interest Payment Date up to the Extended Final Maturity Date in accordance with the

Conditions and the Issuer will make payments on each relevant Interest Payment Date and Extended Final Maturity Date.

It is anticipated that the term of any Covered Bond Swap Agreement would extend to the Extended Final Maturity Date of the relevant Series of Covered Bonds.

Ratings of the Covered Bonds

The ratings assigned to any Covered Bonds by Moody's address the expected loss to be suffered by Covered Bondholders. The ratings assigned to any Covered Bonds by Fitch take into consideration probability of default and loss given default.

The expected ratings (if any) of a Series of Covered Bonds are set out in the relevant Final Terms for such 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 rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may decrease. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. The Trustee is under no duty to maintain any rating of the Covered Bonds.

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 the Rating Agencies that any particular action proposed to be taken will not adversely affect or cause to be withdrawn the then current ratings of any Covered Bonds.

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, the Servicer, the Trustee or any other party to a Transaction Document is either (i) permitted by the terms of the relevant Transaction Document, or (ii) in the best interests of, or not prejudicial to, some or all of the Covered Bondholders. In being entitled to have regard to the fact that the Rating Agencies have confirmed that the then current ratings of the Covered Bonds would not be adversely affected or withdrawn, each of the Issuer and the Secured Creditors 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 Secured Creditors or any other person or create any legal relations between the Rating Agencies and the Issuer, the Secured Creditors 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.

Absence of secondary market

No assurance is provided that there is an active and liquid secondary market for the Covered Bonds, or that one will re-emerge. None of the Covered Bonds have 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*". To the extent that a secondary market exists or re-emerges, 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 the Covered Bondholder desires.

Lack of liquidity in the secondary market may adversely affect the market value of the Covered Bonds

As at the date of this Base Prospectus, the secondary market for asset backed securities is experiencing disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of asset backed securities and resulted in the secondary market for asset backed securities experiencing very limited liquidity.

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of asset backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions persist, an investor in Covered Bonds may not be able to sell or acquire credit protection on its Covered Bonds readily and market values of Covered Bonds are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor.

It is not known for how long these market conditions will continue or whether they will worsen.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit 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.

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.

Basel II

In December 2009, the Basel Committee on Banking Supervision approved for consultation a package of proposals which aim to strengthen global capital and liquidity requirements of financial institutions by changing prudential regulations relating to risk capital. Such proposals, referred to as Basel III, are expected to come into effect in 2012. These proposals include, among others, changes to the form of both tier one and tier two capital; the strengthening of capital requirements for credit risk exposures arising from the use of derivatives, repos and securities financing activities; the introduction of a minimum liquidity standard for banks that are active internationally; and the promotion of more forward looking provisioning based on expected losses. As a result of these proposals, there could be an adverse effect on the Issuer, which could affect the ability of the Issuer to make payments under the Covered Bonds.

Factors relating 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 Issuer optional redemption feature is likely to limit the market value of Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, 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 such 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 interest rate as high as the interest rate on the Covered Bonds being redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed Rate Covered Bonds

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

Variable Interest Covered Bonds with a multiplier or other leverage factors

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

Fixed/Floating Rate Covered Bonds

The Issuer may issue Covered Bonds which 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 Covered Bonds may be less favourable than the 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 the then prevailing rates on its Covered Bonds.

Index Linked Interest Covered Bonds and Dual Currency Interest Covered Bonds

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

- (i) the market price of such Covered Bonds may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will be magnified; and

- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

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

Partly paid Covered Bonds

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

Covered Bonds issued at a substantial discount or premium

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

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 variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate) and rates of interest payable on the Covered Bonds, the Issuer may enter into an Interest Rate Swap Agreement with an Interest Rate Swap Provider in respect of a Series of Covered Bonds. To provide a hedge against currency risk in respect of amounts received by the Issuer under the Loans in the Cover Pool and amounts payable by the Issuer under the Covered Bonds, the Issuer may enter into a Currency Swap Agreement with a Currency Swap Counterparty in respect of a Series of Covered Bonds. In addition, to provide a hedge against interest rate, currency and/or other risks in respect of amounts received by the Issuer under the Loans in the Cover Pool and the Interest Rate Swap Agreements and amounts payable by the Issuer under the Covered Bonds, the Issuer may enter into a Covered Bond Swap Agreement with a Covered Bond Swap Provider in respect of a Series of Covered Bonds.

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 changes in the relevant currency exchange rates and to any changes in the relevant rates of interest. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments under the Covered Bonds.

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

If the Issuer is obliged to pay a termination payment under any Hedging Agreement, such termination payment (except for Subordinated Termination Payments) will rank *pari passu* with amounts due on the Covered Bonds.

A Hedging Counterparty may be required, pursuant to the terms of the relevant Hedging Agreement, to post collateral with the Issuer if the ratings of the Hedging Counterparty are downgraded below the levels specified in the relevant Hedging Agreement.

Trading in the Clearing Systems

In relation to any issue of Covered Bonds which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds may be traded in amounts in excess of the Specified Denomination (or its equivalent) that are not integral multiples of the Specified Denomination (or its equivalent). In such a case an investor who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination 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 having a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Factors relating to the Cover Pool

Maintenance of the Cover Pool

Pursuant to the Covered Bond Legislation, the Cover Pool is subject to the Statutory Tests. Failure of the Issuer to take immediate remedial action to cure any one of these tests will result in the Issuer being unable to issue further Covered Bonds and may have an adverse effect on the ability of the Issuer to meet its payment obligations in respect of the Covered Bonds.

Sale of Loans and their Related Security following the occurrence of an Issuer Event which is continuing

Following the occurrence of an Issuer Event which is continuing, there is no guarantee that a buyer will be found to acquire Loan Assets at the times required and there can be no guarantee or assurance as to the price which can be obtained.

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

Following an Issuer Event which is continuing, the Covered Bond Business Administrator may sell Loan Assets to third party purchasers, subject to a right of pre-emption in favour of the Issuer pursuant to the terms of the Servicing Deed. In respect of any sale of Loan Assets to third parties, however, the Trustee will not give representations and warranties or indemnities in respect of those Loan Assets and there is no assurance that the Issuer would do so. 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.

Limited description of the Cover Pool

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

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

There is no assurance that the characteristics of the Loan Assets allocated to the Cover Pool will be the same as those Loan Assets in the Cover Pool prior to such allocation. However, each Loan Asset will be required to meet the Eligibility Criteria.

No independent investigation in relation to the Loan Assets

None of the Arrangers, the Dealers or the Trustee or the other Transaction Parties has undertaken or will undertake any investigations, searches or other actions in respect of any Borrower, Loan Asset or any historical information relating to the Loan Assets and each will rely instead on the representations and warranties made by the Issuer in relation thereto set out in the Servicing Deed.

Limited Liquidity of assets

In the event of any liquidation of the assets of the Issuer, including the Cover Pool Assets, the amount realised will be a value agreed with the relevant purchaser of such assets. Such amount may be insufficient to redeem all of the Covered Bonds in full at their then Principal Amount Outstanding. In addition, it may not be possible to sell Loan Assets to a third party as there is not, at present, an active and liquid secondary market for loans of this type in Cyprus.

Issuer's Lending Criteria

Each of the Loans originated by the Issuer will have been originated in accordance with its lending criteria at the time of origination. It is expected that the Issuer's lending criteria will generally consider the term of loan, loan to value ratio, debt-to-income ratio, status of applicant, employment and credit history. In the event of the designation of any Loans and their Related Security to the Cover Pool, the Issuer will warrant only that such Loans and Related Security were originated in accordance with its lending criteria applicable at the time of origination. The Issuer retains the right to revise its lending criteria from time to time but would do so only in accordance with the terms of the Servicing Deed. If the lending criteria change in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Cover Pool, or part thereof, and the ability of the Issuer to make payments under the Covered Bonds.

Competition in the Cypriot Residential Mortgage Market

The Issuer is, among other things, subject to the risk of the contractual interest rates on the Loans being less than that required by the Issuer to meet its commitments under the Covered Bonds, which may result in the Issuer having insufficient funds available to meet the Issuer's commitment under the Covered Bonds and its other obligations. There are a number of lenders in the Cypriot residential mortgage market and competition may result in lower interest rates on offer in such market. In the event of lower interest rates, Borrowers under mortgage loans may seek to repay such mortgage loans early, with the result that the Cover Pool may not continue to generate sufficient cashflows in order for the Issuer to meet its commitments under the Covered Bonds.

Geographical Concentration of the Loan Assets

The security for the Covered Bonds may be affected by, among other things, a decline in real estate values. Certain geographic regions will from time to time experience weaker regional economic conditions and housing markets than will other regions and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Although borrowers (the "**Borrowers**") are located throughout Cyprus, the Borrowers may be concentrated in certain locations, such as densely populated areas. Any deterioration in the economic condition of the areas in which the Borrowers are located, or any deterioration in the economic condition of other areas that causes an adverse effect on the ability of the Borrowers to repay the Loan Assets could increase the risk of losses on the Loan Assets. A concentration of Borrowers in such areas may therefore result in a greater risk of loss than would be the case if such concentration had not been present. Such losses, if they occur, could have an adverse effect on the yield to maturity of the Covered Bonds as well as on the repayment of principal and interest due on the Covered Bonds. Certain areas of Cyprus may from time to time experience declines in real estate values. No assurance can be given that values of the Properties have remained or will remain at their levels on the dates of origination of the related Loans. If the residential real estate market in Cyprus in general, or in any particular region, should experience an overall decline in property values such that the outstanding balances of the Loans become equal to or greater than the value of the Properties, such a decline could in certain circumstances result in the value of the interest in the Property securing the Loans being significantly reduced and, ultimately, may affect the repayment of the Covered Bonds.

Default by Borrowers

Borrowers may default on their obligations under the Loans in the Cover Pool for a variety of reasons which could in turn reduce the Issuer's ability to make payments on the Covered Bonds. Various factors influence default rates, prepayment rates and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic conditions, changes in interest rates, inflation, the availability of financing, loss of earnings, unemployment, illness, divorce and

other similar factors. Other factors in Borrowers' individual or financial circumstances may affect the ability of Borrowers to repay the Loans.

Suspension of Enforcement Proceedings

Any enforcement proceedings commenced against a borrower could be delayed or suspended as a result of various provisions of Cypriot law. For further details see "*The Residential Mortgage and Housing Market in Cyprus*".

Unfair Commercial Practices Directive 2005

Directive 2005/29/EC on Unfair Commercial Practices was recently transposed into Cypriot Law by way of incorporation into Law 103 (I) /2007. The new provisions prohibit misleading and aggressive practices particularly in the advertising and marketing of products and sets out a list of such prohibited practices. In case of a violation by traders, consumers are entitled to seek damages, while the traders are also subject to an administrative fine or criminal sanctions.

Proposed Mortgage Credit Directive

Whilst loans secured by a mortgage on land have been excluded from the Consumer Credit Directive, the European Commission published a White Paper on mortgage credit in December 2007, setting out its tasks for 2008 to 2010 including, amongst other things, an assessment of the regulation of early repayment charges, pre contract disclosure and interest rate restrictions. The European Commission has stated that, in its view, it is too early to decide on whether a mortgage directive would be appropriate.

However, the European Commission is expected to present policy measures on responsible lending and borrowing (applicable to all consumer credit markets) in 2011. Until any such legislative measures or proposals are published, it is not certain what effect the adoption and implementation of any measures resulting from the White Paper process or the European Commission consultation on responsible lending and borrowing would have on the Cover Pool Assets, the Issuer and/or the Servicer and their respective businesses and operations and this may adversely affect the Issuer's ability to make payments under the Covered Bonds when due.

Factors relating to the Issuer

The state of the political and economic environment, particularly in Cyprus may significantly affect the Issuer's performance

The Issuer's loan portfolio is mainly concentrated in Cyprus. An economic slowdown, a deterioration of conditions in Cyprus or other adverse changes affecting the Cypriot economy could result in, among other things, higher rates of credit defaults on loans which could adversely impact the Issuer's business, financial condition, cash flows and results of operations in Cyprus. Moreover, the political environment in Cyprus and in other countries in which it operates may be adversely affected by events outside its control, such as changes in government policies, EU directives in the banking sector and other areas, political instability or military action affecting Europe and/or other areas abroad and taxation and other political, economic or social developments in or affecting Cyprus and the countries in which it operates or may plan to operate.

Risks Related to the Business of the Issuer

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

- *Credit Risk:* Credit risk is the risk of financial loss relating to the failure of a borrower to honour its contractual obligations. Credit risk arises in lending activities and also in various other activities where the Issuer is exposed to the risk of counterparty default, such as trading, capital markets and settlement activities. Counterparty default can be caused by a number of reasons, which the Issuer may not be able to accurately assess at the time it undertakes the relevant activity.

- *Market Risk:* Market risk includes, but is not limited to, interest rate, foreign exchange rate, bond price and equity risks. Changes in interest rate levels, yield curves and spreads may affect the Issuer's net interest margin. Changes in currency exchange rates affect the value of assets and liabilities denominated in foreign currencies and the value of the Issuer's assets in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets, or financial conditions generally, may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has utilised risk management methods to mitigate and control these and other market risks to which it is also exposed. 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.
- *Liquidity Risk:* Liquidity risk is the risk that a bank may be unable to anticipate and provide for unforeseen decreases or changes in funding sources which could have consequences adverse to such bank's ability to meet its obligations when they fall due.
- *Operational Risk:* Operational risk is the risk of loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, employees and information systems. External events include floods, fires, earthquakes, riots or terrorist attacks, fraud by employees or others, errors by employees, failure to comply with regulatory requirements and conduct of business rules or equipment failures.
- *Insurance Risk:* Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics and catastrophic events (e.g. earthquake, industrial disaster, fires, terrorism, etc.).

Impact of Regulatory Changes

The Issuer is subject to financial services laws, regulations, administrative actions and policies in the locations in which it operates. Changes in supervision and regulation, in particular in Cyprus, could materially affect the business of the Issuer, the products and services offered or the value of its assets. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

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

Interest rates are highly sensitive to many factors beyond the Issuer's control, including monetary policies and domestic and international economic and political conditions. As with any bank, changes in market interest rates could affect the interest rates the Issuer charges on interest earning assets differently to the interest rates the Issuer pays on its interest bearing liabilities. This difference could reduce its net interest income. Since the majority of the Issuer's loan portfolio effectively re-prices in three years or less, rising interest rates may also result in an increase in the Issuer's impairment losses on loans and advances if customers cannot refinance in a higher interest rate environment. Further, an increase in interest rates may reduce the demand for loans and the Issuer's ability to originate loans. Conversely, a decrease in the general level of interest rates may adversely affect the Issuer through, among other things, increased pre payments on the Issuer's loan and mortgage portfolio and increased competition for deposits. Likewise, a decrease in interest rates may affect the Issuer's ability to originate assets for the Cover Pool or otherwise fund payments in respect of the Covered Bonds.

The Issuer's lending margins may decline

The Cypriot banking industry has historically enjoyed high loan margins compared to other EU member states. However, even though loan margins have converged closer to those in other EU member states, in the future loan margins may decline due to economic and other conditions. A decline in lending margins would have a negative impact on the Issuer's results from operations.

The Issuer faces significant competition from Cypriot and foreign banks

The Issuer faces competition from Cypriot and foreign banks. Notwithstanding its leading position in Cyprus in certain products and services, the Issuer may not be able to continue to compete successfully with domestic and international banks in the future.

Non-performing loans have had a negative impact on the Issuer's operations and may continue to do so

Non-performing loans represented approximately 7.3 per cent. of the Issuer's total loan portfolio as at 31 December 2010.

The Issuer's current credit approval and monitoring procedures focus on the borrower's cash flow and ability to repay in an effort to improve the quality of the Issuer's loan assets and mitigate future provisions for non-performing loans. However, the Issuer cannot assure investors that these credit approval and monitoring procedures will reduce the amount of provisions for loans that become non-performing in the future. Future provisions for non-performing loans could have a materially adverse impact on the Issuer's operating results. In addition, a downturn in the global economy would potentially result in a higher proportion of non-performing loans.

The Issuer may incur significant losses on its trading and investment activities due to market fluctuations and volatility

The Issuer maintains trading and investment positions in debt, currency, equity and other markets. These positions could be adversely affected by volatility in financial and other markets, creating a risk of substantial losses. Volatility can also lead to losses relating to a broad range of other trading and hedging products, including swaps, futures, options and structured products.

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 ineffective, 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.

In common with most other banks, 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 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. However, due to the backup systems which the Issuer has in place the occurrence of any failures or interruptions should not result in a loss of customer data and an inability to service customers, which could have a material adverse effect on the Issuer's financial condition and results of operations.

Future acquisitions may result in unexpected losses

Typically, when the Issuer acquires a banking business, it acquires all of its liabilities as well as its assets. The Issuer's acquisition procedures may fail to identify all actual or potential liabilities of a company prior to its acquisitions, and it may not obtain sufficient indemnities to protect itself against such acquired liabilities. For example, the failure to identify and accurately determine the level of credit risk or market risk to which an acquired bank is exposed prior to its acquisition may lead to unexpected losses following the acquisition, which may have a significant adverse effect on the Issuer's results of operations and financial condition.

Regulation of the Cypriot banking industry may change

The Issuer cannot predict what regulatory changes may be imposed in the future, either as a result of regulatory initiatives in the European Union, by the Central Bank of Cyprus. If the Issuer is required to make additional provisions or increase reserves, as may result from the proposed New Basel Capital Accord (discussed above) and other potential regulatory changes, this could adversely affect the Issuer's financial condition or results of operations.

The Issuer is subject to capital requirements that could limit its operations

The Issuer is subject to capital adequacy requirements adopted by the Central Bank of Cyprus, which provide for a minimum ratio of total capital to risk-adjusted assets both on a consolidated basis and on a solo-consolidated basis expressed as a percentage. If the Issuer fails to maintain its ratios this may result in administrative actions or sanctions against it which may impact the Issuer's ability to fulfil its obligations under the Covered Bonds.

Pursuant to the Covered Bond Legislation, the Issuer is not permitted to issue Covered Bonds if such issue would result in:

- (a) the total value of the primary assets which, as a minimum, are required to be included in the Issuer's Cover Pools for each covered bond category exceeding 90% of the total value of the Issuer's eligible assets for that covered bond category; or
- (b) the total value of the Cover Pool Assets included in all Cover Pools and counted towards satisfaction of the Statutory Tests, exceeding 25% of the total value of the Issuer's assets.

Factors relevant to Cypriot law

Covered Bond Legislation

The Covered Bond Legislation came into force in December 2010. The transactions contemplated in this Base Prospectus are based on the provisions of the Covered Bond Legislation. There has been no judicial authority as to the interpretation of any of the provisions of the Covered Bond Legislation. For further information on the Covered Bond Legislation, see "*Summary of the Covered Bond Legislation*". There are a number of aspects of Cypriot 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.

Cypriot insolvency proceedings

If insolvency proceedings were commenced against the Issuer in Cyprus, a receiver would be appointed over the Issuer in Cyprus and the Servicer might cease to be capable of servicing the Loans on behalf of the Issuer in Cyprus. However, this would not affect the ability of the Covered Bond Business Administrator to undertake the servicing functions of the Issuer in relation to the Cover Pools and the Trustee to enforce its rights and claims under the security on behalf of the Secured Creditors. In relation to a winding up of the Issuer, Cypriot law Banking (Amendment) Law 151 (I) /2004 incorporated Directive 2001/24/EC of the European Parliament and of the Council of April 2001 on the reorganisation and winding up of credit institutions (the "**Credit Institutions Insolvency Directive**") into Cypriot law in April 2004. The Credit Institutions Insolvency Directive applies to credit institutions and their branches set up in member states other than those in which they have their head offices, as defined in Directive 2000/12/EC, subject to the conditions and exemptions laid down in the Credit Institutions Insolvency Directive. Only the administrative or judicial authorities of the home member state which are responsible for winding up are empowered to decide on the opening of winding up proceedings concerning a credit institution, including in relation to branches established in other member states.

Cypriot Withholding Tax

Payments of interest in respect of the Covered Bonds to Covered Bondholders residing in Cyprus shall be subject to withholding tax at a rate of 10 per cent. Save as discussed under ("*Taxation — Cypriot Taxation*") below, individuals will have no further tax liability in respect of these payments.

Security

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 Covered Bond Legislation and the Security Deed, 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.

EU Savings Directive

Under EU Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State of the European Union, including Belgium from January 2010 is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain Limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non European Union countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the European Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Cyprus has transposed the said Directive into its legislation by virtue of the provisions of the Assessment and Collection of Taxes (Amendment) Law 146(I) of 2004. Pursuant to this law, the Council of Ministers issued the Assessment and Collection of Taxes (Provision of Information Regarding Interest Payments) Regulations of 2005. These regulations impose Directive standards on economic operators making EU cross-border savings interest payments to individuals resident in (i) other EU Member States, (ii) certain associated or dependant territories of EU Member States, (iii) certain other States with which the European Union has concluded relevant agreements, such as automatic reporting to the tax authorities of the other EU Member States of (a) the individual's identity and permanent address, (b) the name and address of the paying agent and (c) bank account details.

Eurosystem Eligibility

The Covered Bonds are intended to be Eurosystem eligible. This 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 European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

Changes of law

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

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without receipts, interest coupons and/or talons attached, or registered form, without receipts, interest coupons and/or talons attached. Covered Bonds will be issued outside the United States in reliance on Regulation S.

Bearer Bonds

On 13 June 2006 the European Central Bank (the "**ECB**") announced that notes in new global note ("**NGN**") form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

Each Tranche of Covered Bonds in bearer form ("**Bearer Bonds**") will initially be in the form of a temporary global covered bond (the "**Temporary Global Covered Bond**"), without interest coupons. Each Temporary Global Covered Bond will be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg.

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 for either (a) interests in a permanent global covered bond in bearer form (the "**Permanent Global Covered Bond**") without receipts and interest coupons attached of the same Series or (b) for Definitive Covered Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of 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. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Definitive Covered Bonds is improperly withheld or refused.

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 Definitive Covered Bonds with, where applicable, receipts, interest coupons and talons attached upon either (a) provided the Covered Bonds have a minimum Specified Denomination, or integral multiples thereof, not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Covered Bond) to the Principal Paying Agent as described therein or (b) upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that:

- (a) either Euroclear or 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 Global Covered Bond (and any interests therein) exchanged for Definitive Covered Bonds.

The Issuer will promptly give notice to Covered Bondholders of each Series of Global Covered Bonds in accordance with the Notices Condition 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.

The following legend will appear on all Bearer Bonds that have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Bearer Bonds:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Bonds, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale or other disposition in respect of such Bearer Bonds, receipts or interest coupons.

Registered Bonds

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "NSS") would be in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Tranche of Registered Bonds will be in the form of either individual covered bond certificates in registered form ("**Individual Covered Bond Certificates**") or a global note in registered form (a "**Global Registered Bond**"), in each case as specified in the relevant Final Terms. Each Covered Bond will either be: (a) in the case of a Covered Bond which is not to be held under the New Safekeeping Structure, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Covered Bond certificate will be deposited on or about the issue date with the common depository; or (b) in the case of a Covered Bond to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Covered Bond certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Global Registered Bond will be exchangeable for Individual Covered Bond Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Bonds as being "Individual Covered Bond Certificates", then the Bonds will at all times be in the form of Individual Covered Bond Certificates issued to each Bondholder in respect of their respective holdings.

The applicable Final Terms will specify that a Global Registered Bond will be exchangeable (free of charge), in whole but not in part, for Individual Covered Bond Certificates 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 Global Registered 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:

- (a) either Euroclear or 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; or
- (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Global Registered Covered Bond (and any interests therein) exchanged for Individual Covered Bond Certificates.

The Issuer will promptly give notice to Covered Bondholders of each Series of Global Covered Bonds in accordance with the Notices Condition 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 Global Registered 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.

General

In addition, the Global Covered Bonds will contain provisions which modify the Terms and Conditions of the Covered Bonds as they apply to the Global Covered Bonds. The following is a summary of certain of those provisions:

Payments: Payments in respect of the Global Covered Bonds cannot be collected until certification of non-U.S. beneficial ownership is received by the Principal Paying Agent. All payments in respect of the Global Covered Bonds will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of a Global Covered Bond at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Global Covered Bonds.

A record of each payment made on a Global Covered Bond, distinguishing between any payment of interest and principal will be endorsed on such Global Covered Bond by the Principal Paying Agent to which such Global Covered Bond was presented for the purpose of making such payment and such record shall be prima facie evidence that the payment in question has been made.

Notices: Notwithstanding the Notices Condition, while any of the Covered Bonds are represented by a Global Covered Bond and the Global Covered Bond is deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Covered Bondholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Covered Bondholders in accordance with the Notices Condition on the date of delivery to Euroclear and Clearstream, Luxembourg.

Transfers: For so long as the Covered Bonds are represented by the relevant Global Covered Bonds, they will be transferable in accordance with the rules and procedures for the time being of Euroclear, or, as the case may be, Clearstream, Luxembourg and the Issuer, the Principal Paying Agent and the Trustee may treat each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of Covered Bonds, (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of the Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes) as the holder of such principal amount of such Covered Bonds for all purposes, other than with respect to the payment of interest and repayment of principal on such Covered Bonds, the right to which shall be vested solely in the bearer of the relevant Global Covered Bond and in accordance with its terms.

Exercise of put option: In order to exercise the option contained in Condition 8.4 (*Redemption at the option of the Covered Bondholders*) the bearer of the Global Covered Bond or the holder of a Global Registered Bond must, within the period specified in the Conditions for the deposit of the relevant Covered Bond and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Covered Bonds in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 8.3 (*Redemption at the option of the Issuer*) in relation to some only of the Covered Bonds, the Permanent Global Covered Bond or Global Registered Bond may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Covered Bonds to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Meetings: The holder of each Global Covered Bond will be treated as being two persons for the purposes of any quorum requirement of, or the right to demand a poll at, a meeting of holders of the Covered Bonds, as the case may be, and, at any such meeting, as having one vote in respect of each €50,000 principal amount of each Covered Bond for which the Global Covered Bond may be exchanged.

Further Series

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 number which are different from the common code and ISIN 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.

TERMS AND CONDITIONS OF THE COVERED BONDS

If the Covered Bonds were to be issued in definitive form, the terms and conditions set out on the reverse of each of such Covered Bonds would be as follows. While the Covered Bonds are represented by Global Covered Bonds, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Covered Bonds. The applicable Final Terms in relation to any Series of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or 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 "Form of Final Terms" for a description of the content of Final Terms which will specify such terms that are to apply in relation to the relevant Covered Bonds.

1. General

- 1.1 This Covered Bond is one of a Series of Covered Bonds issued by the Issuer pursuant to the Trust Deed.
- 1.2 The Issuer has agreed to issue the Covered Bonds subject to the terms of the Trust Documents.
- 1.3 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Covered Bonds.
- 1.4 Certain provisions of these Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.5 The Instrumentholders are deemed to have notice of all the provisions of the Transaction Documents.
- 1.6 Copies of the Transaction Documents are available for inspection by Covered Bondholders during normal business hours at the principal office for the time being of the Trustee and at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.
- 1.7 The Final Terms for this Covered Bond are set out in Part A of the Final Terms attached to or endorsed on this Covered Bond which supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Covered Bond.

2. Definitions

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Adjusted Outstanding Principal Balance**" means in respect of each Loan:

- (i) where the Loan (provided it is not in arrears and satisfies the Eligibility Criteria) has a loan to value ratio of less than or equal to 75%, the Outstanding Principal Balance of such Loan minus any amounts which may be set-off by the relevant Borrower;
- (ii) where the Loan (provided it is not in arrears and satisfies the Eligibility Criteria) has a loan to value ratio greater than 75%, an amount equal to 75% of the property valuation in respect of such Loan minus any amounts which may be set-off by the relevant Borrower; and

- (iii) if such Loan is in arrears for at least 3 months or otherwise no longer satisfies the Eligibility Criteria, zero;

"Agency Agreement" means the agreement so named dated on or about the Programme Closing Date between the Issuer, the Agents, and the Trustee;

"Agents" means the Calculation Agent, the Transfer Agent, the Registrar and the Paying Agents and **"Agent"** means any one of them;

"Aggregate Adjusted Outstanding Principal Balance" means the aggregate of the Adjusted Outstanding Principal Balance of each Loan;

"Arrears of Interest" means, in relation to a Loan as at any date, the aggregate of all interest and expenses which are due and payable and unpaid on that date;

"Auditors" means Grant Thornton (Cyprus) Limited and PricewaterhouseCoopers Limited, both members of the Institute of Certified Public Accountants of Cyprus ("**ICPAC**") or such other firm of accountants as may be appointed by the Issuer;

"Bearer Bonds" means Covered Bonds issued in bearer form;

"Bond Percentage" means the highest bond percentage stated in the Final Terms in relation to all Series of Covered Bonds outstanding from time to time which reflects the committed contractual overcollateralisation on a nominal basis;

"Business Day" means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Cyprus and any Additional Business Centre specified in the applicable Final Terms; and
- (ii) in relation to any sum (A) payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; or (B) payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Calculation Agent" means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Interest Rate(s) and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given in the applicable Final Terms;

"Calculation Date" means the fifth Business Day of each month in which there is a Programme Payment Date;

"Capitalised Arrears" means the amount of any Arrears of Interest in respect of which:

- (i) the Servicer has, by arrangement with the relevant Borrower, agreed to capitalise; and
- (ii) have been capitalised and added, in the relevant accounts of the Issuer, to the principal amount outstanding in respect of such Loan;

"Capitalised Expenses" means, in relation to a Loan, the amount of any expense, charge, fee, premium or payment (excluding, however, any Arrears of Interest) capitalised and added to the principal amount outstanding in respect of such Loan in accordance with the relevant Loan Asset Agreement;

"Charged Property" means both the English Charged Property and the Cypriot Charged Property;

"Clearing Systems" means Clearstream, Luxembourg and Euroclear;

"Clearstream, Luxembourg" means Clearstream Banking, société anonyme, Luxembourg;

"Closing Arrangements Deed" means the deed so named entered into, *inter alia*, by the Issuer and the Trustee on the Programme Closing Date;

"Complementary Assets" means an asset defined as such in the Covered Bond Legislation;

"Conditions" means in relation to the Covered Bonds, the terms and conditions endorsed on the Covered Bonds in the form set out in Schedule 5 to the Trust Deed as modified in accordance with the Final Terms;

"continuing", in respect of an Event of Default, an Issuer Event or Test Event, shall be construed as a reference to an Event of Default, an Issuer Event or Test Event, as the case may be, which has not been waived in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document or which has not been remedied within the relevant grace period (if any);

"Couponholders" means the holders of the Coupons;

"Coupons" means the interest coupons related to the Covered Bonds in or substantially in the form set out in Part 2 of Schedule 3 to the Trust Deed and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Cover Pool Asset" means an asset which is part of a cover pool of the Covered Bonds pursuant to the Covered Bond Legislation and the provisions of the Servicing Deed (collectively, a **"Cover Pool"**);

"Covered Bond Business Administrator" means the person or entity which shall be appointed in such role pursuant to the Covered Bond Legislation;

"Covered Bond Legislation" means the Law and the Directive (as each may be amended and restated from time to time);

"Covered Bond Monitor" means Mazars in its capacity as covered bond monitor or any successor covered bond monitor appointed from time to time in accordance with the Covered Bond Legislation in respect of the Covered Bonds;

"Covered Bond Monitor Agreement" means the agreement so named entered into, *inter alia*, by the Issuer, the Covered Bond Monitor and the Trustee on the Programme Closing Date;

"Covered Bond Swap Agreements" means any swap agreements entered into between the Issuer and a Covered Bond Swap Provider to hedge the Issuer against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer under the Loans and the Interest Rate Swap Agreements (if any) and amounts payable by the Issuer under the Covered Bonds;

"Covered Bond Swap Provider" means a provider of a covered bond swap to the Issuer to hedge the Issuer against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer under the Loans and the Interest Rate Swap Agreements (if any) and amounts payable by the Issuer under the Covered Bonds;

"Covered Bondholder" means a holder of Covered Bonds;

"Covered Bonds" means the covered bonds issued by the Issuer constituted by the Trust Deed;

"Currency Swap Agreement" means any swap agreements entered into between the Issuer and a Currency Swap Provider to hedge the Issuer against certain currency risks in respect of amounts received by the Issuer under the Loans and amounts payable by the Issuer under the Covered Bonds;

"Currency Swap Provider" means a provider of a currency swap to the Issuer to hedge the Issuer against certain currency risks in respect of amounts received by the Issuer under the Loans and amounts payable by the Issuer under the Covered Bonds;

"Cypriot Charged Property" means all the property of the Issuer which is subject to the Cypriot Security;

"Cypriot Security" means the Statutory Pledge;

"Dealer Agreement" means the dealer agreement dated the Programme Closing Date and entered into between the Issuer and the Dealers;

"Dealers" means Marfin Popular Bank Public Co Ltd, BNP Paribas S.A, London Branch and any dealers appointed from time to time pursuant to the terms of the Dealer Agreement;

"Definitive Covered Bonds" means any Covered Bonds issued in definitive bearer form;

"Determination Date" has the meaning given in the applicable Final Terms;

"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);

"Directive" means the Central Bank of Cyprus Directive 526/2010;

"Dual Currency Interest Covered Bonds" means Covered Bonds specified as such in the relevant Final Terms;

"English Charged Property" means all the property of the Issuer which is subject to the English Security;

"English Security" means the security created in favour of the Trustee by the Issuer pursuant to the Security Deed;

"euro" means the currency introduced at the start of the third stage of the European Economic and Monetary Union (EMU) and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;

"Euroclear" means Euroclear Bank S.A./N.V.;

"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 Swap Rate relating to such Series of Covered Bonds and (b) Euro, such amount;

"Event of Default" means any one of the events specified in Condition 12 (*Events of Default*);

"Extended Final Maturity Date" has the meaning given in the relevant Final Terms;

"Extraordinary Resolution" means a resolution passed by the Covered Bondholders (or, as the context requires, a particular Series thereof) by a majority of not less than three quarters of the votes cast;

"Final Maturity Date" has the meaning given in the relevant Final Terms;

"Final Redemption Amount" has the meaning given in the relevant Final Terms;

"Final Terms" means the document as amending or supplementing the Conditions in relation to a specific Series;

"Fitch" means Fitch Ratings Limited;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"Fixed Rate Covered Bonds" means Covered Bonds specified as such in the relevant Final Terms;

"Floating Rate Covered Bonds" means Covered Bonds specified as such in the relevant Final Terms;

"Global Covered Bonds" means Covered Bonds which are in temporary global or permanent global form or which are Registered Bonds in global form;

"Global Registered Bond" means a global Covered Bond in registered form;

"Hedge Collateral Ledger" means a ledger in the books of the Issuer so named in respect of each Hedging Agreement and maintained in relation to the Transaction Account;

"Hedging Counterparty" means any Interest Rate Swap Provider, Currency Swap Provider or Covered Bond Swap Provider;

"Incorporated Terms Memorandum" means the memorandum so named dated on or about the Programme Closing Date and made between each of the parties to the Transaction Documents;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Index Linked Interest Covered Bonds" means Covered Bonds specified as such in the relevant Final Terms;

"Indexed Valuation" means any valuation used by applying the Central Bank of Cyprus index or any other recognised indexation methods;

"Individual Covered Bond Certificate" means individual Covered Bond certificates in registered form;

"Initial Advance" means the initial amount of the Loan advanced to the Borrower;

"Instalment Covered Bonds" means Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms;

"Instrumentholders" means the persons who for the time being are the holders of the Instruments;

"Instruments" means the Temporary Global Covered Bonds, the Permanent Global Covered Bonds, the Global Registered Bonds, the Individual Covered Bond Certificates, the Definitive Covered Bonds, the Coupons, the Receipts and the Talons and **"Instrument"** means any of them;

"Interest Amount" means:

- (a) in respect of a Covered Bond for any Interest Period the amount of interest in respect of such Covered Bond for such Interest Period; and
- (b) in relation to a Series of Covered Bonds for any Interest Period, the aggregate amount in paragraph (a) above, for all Covered Bonds in such Series for such Interest Period;

"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;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the Specified Interest Payment Date or if there is no Specified Interest Payment Date, the date which falls in the Specified Period after the preceding Interest Payment Date, or in the case of the first Interest Payment Date, the Interest Commencement Date;

"Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

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

"Interest Rate Swap Agreements" means the interest rate swap agreements entered into between the Issuer and an Interest Rate Swap Provider in relation to the Covered Bonds;

"Interest Rate Swap Provider" means a provider of an interest rate swap to the Issuer to hedge the Issuer against certain interest rate risks;

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated from time to time;

"Issue Date" has the meaning given in the relevant Final Terms;

"Issue Price" has the meaning given in the relevant Final Terms;

"Issuer" means Marfin Popular Bank Public Co Ltd;

"Issuer Insolvency Event" means any of the following events occurs:

- (a) the Issuer is declared insolvent by a court of competent jurisdiction or is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral) or suspends making payments on any of its debts; or an administrator, receiver, receiver and manager, administrative receiver or liquidator of the Issuer or of the assets and/or revenues of the Issuer is appointed (or application for any such appointment is made); or the Issuer makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or the Issuer ceases to carry on all or substantially all of its business;
- (b) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer;
- (c) a petition is made for a winding up of the Issuer or any action or step has been taken by any creditor or any other person to initiate any collective insolvency enforcement procedure unless such petition is frivolous or vexatious being contested in good faith by the Issuer, with due diligence, in appropriate proceedings, for which the Issuer can demonstrate that adequate reserves have been made and is discharged or struck out as soon as practically possible after its commencement;

- (d) the value of the assets of the Issuer is less than the amount of its liabilities, taking into account its contingent and prospective liabilities;
- (e) the commencement of negotiations with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer other than in connection with any refinancing in the ordinary course of business;
- (f) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of the Issuer, a reorganisation of the Issuer, a conveyance to or assignment for the creditors of the Issuer generally or the making of an application to a court of competent jurisdiction for protection from the creditors of the Issuer generally other than in connection with any refinancing in the ordinary course of business;
- (g) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of the Issuer; or
- (h) any event occurs which under the laws of any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (a) to (g) inclusive above.

For the avoidance of doubt, the following events shall not constitute an Issuer Insolvency Event:

- (i) the Issuer ceases to carry on all or substantially all of its business because of a merger, consolidation, reincorporation, reconstitution, amalgamation or reorganisation involving the transfer of all or substantially all of the assets of the Issuer or the transfer of all or substantially all of the assets of the Issuer in connection with a merger, consolidation, reincorporation, reconstruction, amalgamation or reorganisation involving the transfer of all or substantially all of the assets of the Issuer; or
- (ii) any order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer in connection with a merger, consolidation, reincorporation, reconstitution, amalgamation or reorganisation involving the transfer of all or substantially all of the assets of the Issuer;

"Law" means the law 130(I)/2010 of Cyprus;

"Liabilities" means in respect of any person, any losses, liabilities, damages, costs, awards, expenses (including but not limited to properly incurred legal fees) and penalties incurred by that person together with any VAT thereon;

"Loans" means any loans or credit facilities provided by the Issuer which are subject to the Statutory Pledge under Cypriot law in favour of the Secured Creditors;

"Long Maturity Covered Bond" means 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;

"Margin" has the meaning given in the relevant Final Terms;

"Master Execution Deed" means the deed so named entered into, *inter alia*, by the Issuer and the Trustee on the Programme Closing Date;

"Maximum Interest Rate" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Meeting" means a meeting of Covered Bondholders of one or more Series (whether originally convened or resumed following an adjournment);

"Minimum Interest Rate" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Moody's" means Moody's Investors Service Limited;

"Notice of Default" means a notice delivered by the Trustee to the Issuer in accordance with Condition 12 (*Events of Default*) which declares the Covered Bonds to be immediately due and payable;

"Notices Condition" means Condition 21 (*Notices*);

"Optional Redemption Amount" has the meaning given in the relevant Final Terms;

"Optional Redemption Date" has the meaning given in the relevant Final Terms;

"Outstanding Principal Balance" means in relation to a Loan at any given date, the aggregate (without double counting) of:

- (a) the Initial Advance;
- (b) Capitalised Expenses; and
- (c) Capitalised Arrears,

less any prepayment, repayment or payment of any of the foregoing made on or prior to such date;

"Participating Member State" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"Partly Paid Covered Bonds" means Covered Bonds specified as such in the relevant Final Terms;

"Paying Agents" means the paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Covered Bonds under the Agency Agreement;

"Payments Priorities" means the Programme Payment Date Payments Priorities and the Post Event of Default Priority of Payments, as the case may be;

"Permanent Global Covered Bonds" means the Covered Bonds in permanent global form;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Post Event of Default Priority of Payments" means the provisions relating to the order of priority of payments set out in Paragraph 19 of Schedule 1 to the Servicing Deed;

"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, and the Principal Amount Outstanding of a Covered Bond that has been cancelled by the Issuer shall be zero and in the case of a Zero Coupon Bond it shall be an amount equal to the sum of:

- (a) the Reference Price; and
- (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) the relevant date;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Principal Paying Agent" means The Bank of New York Mellon, London Branch in its capacity as the principal paying agent in respect of the Covered Bonds;

"Programme" means the Issuer's programme for the issuance of Covered Bonds;

"Programme Closing Date" means 24 May 2011;

"Programme Payment Date" means the 24th day of February, May, August and November commencing on 24th August 2011 and if such day is not a Business Day the first Business Day thereafter;

"Programme Payment Date Payments Priorities" means the provisions relating to the order of priority of payments set out in Paragraph 19 of Schedule 1 to the Servicing Deed;

"Property" means the property or properties securing each Loan;

"Rating Agencies" means Fitch, Moody's and/or any other rating agency appointed by the Issuer in respect of a Series of Covered Bonds;

"Rating Agency Confirmation" means written confirmation from the Rating Agencies that any particular action proposed to be taken will not adversely affect or cause to be withdrawn the then current ratings of the Covered Bonds;

"Receiptholders" means the holders of the Receipts;

"Receipts" means the principal receipts related to the Covered Bonds;

"Receiver" means any receiver, manager, receiver and manager or administrative receiver appointed in respect of the Issuer by the Trustee;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"Reference Price" has the meaning given in the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Rate" has the meaning given in the relevant Final Terms;

"Registered Bonds" means Covered Bonds issued in registered form;

"Registrar" means The Bank of New York Mellon (Luxembourg) S.A. in its capacity as the registrar in respect of the Covered Bonds;

"Regulated Market" means a market as defined by Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, as amended from time to time;

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Covered Bonds, to reduce the amount of principal or interest payable on any date in respect of the Covered Bonds or to alter the method of calculating the amount of any payment in respect of the Covered Bonds;
- (b) (except in accordance with Condition 22 (*Substitution of Issuer*)) to effect the exchange, conversion or substitution of the Covered Bonds of any Series for, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency of payments under the Covered Bonds;
- (d) to alter the priority of payment of interest or principal or any other amount in respect of the Covered Bonds under the Payments Priorities;
- (e) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition.

"Screen" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Screen in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the entity providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Screen Rate Determination" means, if specified as applicable in the applicable Final Terms Document, the manner in which the Interest Rate on Floating Rate Covered Bonds is to be determined in accordance with Condition 7.7(b) (*Screen Rate Determination*);

"Secured Amount" means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Secured Creditors under the Covered Bonds or the Transaction Documents;

"Secured Creditors" means the Trustee (in its capacity as a creditor of the Issuer), the Covered Bondholders, any Receiver (in its capacity as a creditor of the Issuer), the Hedging Counterparties, the Agents, the Transaction Account Bank, the Servicer (if not the same entity as the Issuer), the Covered Bond Business Administrator, the Covered Bond Monitor, any successor(s) to such parties from time to time and other cover pool creditors as defined in the Law;

"Security" means the security created in favour of the Trustee by the Issuer pursuant to the Security Deed and any security created in favour of the Secured Creditors pursuant to the Covered Bond Legislation;

"Security Deed" means the deed so named dated on or about the Programme Closing Date between the Issuer and the Trustee;

"Series" means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds expressed to be consolidated and form a single series with the Covered Bonds of

the original Tranche and the terms of which are identical (save for the Issue Date and/or the Interest Commencement Date but including as to whether or not the Covered Bonds are listed);

"Servicer" means Marfin Popular Bank Public Co Ltd or any other entity acting as servicer in accordance with the terms of the Servicing Deed;

"Servicing Deed" means the deed so named entered into by the Issuer, the Servicer and the Trustee on the Programme Closing Date;

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Interest Payment Date" has the meaning given in the relevant Final Terms;

"Specified Office" means in relation to any Agent:

- (a) the office specified against its name in Schedule 3 (*Notices Details*) to the Incorporated Terms Memorandum; or
- (b) such other office as such Agent may specify in accordance with Clause 17.9 (*Changes in Specified Offices*) of the Agency Agreement;

"Specified Period" has the meaning given in the relevant Final Terms;

"Statutory Pledge" means a statutory charge pursuant to the Covered Bond Legislation, created over the Cover Pool;

"Statutory Tests" means the tests set out or referred to in the Covered Bond Legislation and Paragraphs 2 (*Basic Cover Nominal Value Test*), 3 (*Basic Cover Net Present Value Test*), 4 (*Interest Cover Test*), 5 (*Pre-Maturity Test*), 6 (*Weighted Average Life Test*) and 7 (*Supervisory Overcollateralisation Test*) of Schedule 6 (*Statutory Tests*) to the Servicing Deed and, for the avoidance of doubt although not required to be satisfied by the Covered Bond Legislation, Paragraph 1 (*Bond Coverage Test*);

"Stock Exchange" means the Irish Stock Exchange;

"Swap Rate" means in relation to a Covered Bond or Series thereof, the exchange rate specified in the relevant Hedging Agreement if applicable or otherwise the prevailing market spot rate at such time as determined by the Calculation Agent;

"Talons" means the talons for further Receipts and further Coupons attached to the Definitive Covered Bonds on issue;

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"TARGET Settlement Day" means any day on which TARGET2 is open for the settlement of payments in euro;

"Tax" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of any tax authority and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly;

"Temporary Global Covered Bonds" means the Covered Bonds in temporary global form;

"Test Event" means any failure to satisfy any Statutory Test on any Calculation Date, or on the monthly date when checked by the Servicer, which is not remedied within 5 Business Days;

"Tranche" means Covered Bonds which are identical in all respects;

"Transaction Account" means the account so named in the name of the Issuer and maintained at the Transaction Account Bank (or such other bank to which the Transaction Account may be transferred and operated by the Servicer) or such other account or accounts as may for the time being be in addition thereto or substituted therefor in accordance with the provisions of the Transaction Account Agreement;

"Transaction Account Agreement" means the agreement to be entered into on the Programme Closing Date and made between the Transaction Account Bank, the Issuer, the Servicer and the Trustee;

"Transaction Account Bank" means The Bank of New York Mellon, London Branch, in its capacity as Transaction Account Bank under the Transaction Account Agreement;

"Transaction Documents" means the Trust Deed, the Security Deed, the Agency Agreement, the Dealer Agreement, the Incorporated Terms Memorandum, the Transaction Account Agreement, the Interest Rate Swap Agreements, the Currency Swap Agreements, the Covered Bond Swap Agreements, the Closing Arrangements Deed, the Master Execution Deed, the Servicing Deed, the Covered Bond Monitor Agreement, and any other agreement or document entered into from time to time by the Issuer pursuant thereto;

"Transaction Parties" means the Issuer, the Servicer, the Trustee, the Arrangers, the Dealers, the Covered Bond Business Administrator, each Hedging Counterparty, the Transaction Account Bank, the Calculation Agent, the Transfer Agent, the Principal Paying Agent, the Covered Bond Monitor, the Registrar and any successor(s) to such parties from time to time;

"Transfer Agent" means The Bank of New York Mellon, London Branch in its capacity as the transfer agent in respect of the Covered Bonds;

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

"Trust Deed" means the deed so named dated on or about the Programme Closing Date between the Issuer and the Trustee;

"Trust Documents" means the Trust Deed, the Security Deed and (unless the context otherwise requires) includes any deed or other document executed in accordance with the provisions of the Trust Deed or the Security Deed and expressed to be supplemental thereto;

"Trustee" means BNY Mellon Corporate Trustee Services Limited, in its capacity as trustee for the Covered Bondholders and the other Secured Creditors under the Trust Documents and any successor from time to time;

"Variable Interest Covered Bonds" means Index Linked Interest Covered Bonds, Dual Currency Interest Covered Bonds and other Covered Bonds (excluding Floating Rate Covered Bonds) where the Interest Rate is variable; and

"Zero Coupon Covered Bonds" means Covered Bonds specified as such in the relevant Final Terms;

3. **Form, Denomination and Title**

- 3.1 ***Bearer Bonds:*** Bearer Bonds are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Bonds with more than one Specified Denomination, Bearer Bonds of one Specified Denomination will not be exchangeable for Bearer Bonds of another Specified Denomination.
- 3.2 ***Title to Bearer Bonds:*** Title to Bearer Bonds and the Coupons will pass by delivery. In the case of Bearer Bonds, **"Holder"** means the holder of such Bearer Bond and **"Covered Bondholder"** and **"Couponholder"** shall be construed accordingly.
- 3.3 ***Registered Bonds:*** Registered Bonds are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

- 3.4 *Title to Registered Bonds:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Bond Certificate**") will be issued to each Holder of Registered Bonds in respect of its registered holding. Each Bond Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Bonds, "**Holder**" means the person in whose name such Registered Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Covered Bondholder**" shall be construed accordingly.
- 3.5 *Ownership:* The Holder of any Covered Bond or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Bonds, on the Bond Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Bond under the Contracts (Rights of Third Parties) Act 1999.
- 3.6 *Transfers of Registered Bonds:* Subject to Conditions 3.9 (*Closed periods*) and 3.10 (*Regulations concerning transfers and registration*) below, a Registered Bond may be transferred upon surrender of the relevant Bond Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Bond may not be transferred unless the principal amount of Registered Bonds transferred and (where not all of the Registered Bonds held by a Holder are being transferred) the principal amount of the balance of Registered Bonds not transferred are Specified Denominations. Where not all the Registered Bonds represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of the Registered Bonds will be issued to the transferor.
- 3.7 *Registration and delivery of Bond Certificates:* Within five business days of the surrender of a Bond Certificate in accordance with Condition 3.6 (*Transfers of Registered Bonds*) above, the Registrar will register the transfer in question and deliver a new Bond Certificate of a like principal amount to the Registered Bonds transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- 3.8 *No charge:* The transfer of a Registered Bond will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- 3.9 *Closed periods:* Holders of Registered Bonds may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Bonds.
- 3.10 *Regulations concerning transfers and registration:* All transfers of Registered Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Covered Bondholder who requests in writing a copy of such regulations.
4. **Status and Ranking of the Covered Bonds**
- 4.1 *Status:* The Covered Bonds constitute secured obligations of the Issuer.
- 4.2 *Ranking:* The Covered Bonds of all Series will at all times rank without preference or priority *pari passu* amongst themselves.

4.3 *Sole Obligations:* The Covered Bonds and the Coupons are obligations solely of the Issuer and not the obligations of or guaranteed by any other party.

4.4 *Payments Priorities:* Following the occurrence of an Issuer Event which is continuing and prior to the delivery of a Notice of Default, the Issuer is required to make any payments in connection with the Covered Bonds in accordance with the Programme Payment Date Payments Priorities and thereafter in accordance with the Post Event of Default Priority of Payments.

5. **Security**

5.1 *English Security:* As continuing security for the payment or discharge of the Secured Amounts, and subject always to the right of redemption of the Issuer, the Issuer will, with full title guarantee create in favour of the Trustee, for itself and on trust for the Secured Creditors, in accordance with the terms of the Security Deed:

- (a) (to the extent not subject to the Statutory Pledge) a first fixed charge over the benefit of each Complementary Asset (which may take effect as a floating charge);
- (b) a first fixed charge over the benefit of the Transaction Account to the extent such account is maintained in England (which may take effect as a floating charge); and
- (c) an assignment by way of first fixed security of the benefit of each Transaction Document governed by English law (other than the Trust Documents and the Dealer Agreement).

5.2 *Other Security:* In addition the Cypriot Security also provides continuing security for the payment or discharge of the Secured Amounts.

5.3 *Enforcement:* The Security shall become enforceable upon the delivery by the Trustee of a Notice of Default in accordance with and subject to Condition 13 (*Enforcement*).

6. **Covenants of the Issuer**

So long as any Covered Bond remains outstanding, the Issuer shall comply with all the covenants of the Issuer, as set out in the Transaction Documents.

7. **Interest**

7.1 *Accrual:* Each Covered Bond (other than Zero Coupon Covered Bonds) bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date. 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 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 default is otherwise made in respect of payment, in which event, interest will continue to accrue (both before and after judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder; and
- (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Covered Bondholders of such class that it has received all sums due in respect of the Covered Bonds of such class up to such seventh day (except to the extent that there is any subsequent default in payment).

7.2 *Interest Payments:* Interest on each Covered Bond (other than Zero Coupon Covered Bonds) is payable in arrear on each Interest Payment Date, in an amount equal to the Interest Amount in respect of such Covered Bond for the Interest Period ending on the day immediately preceding such Interest Payment Date.

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

- 7.4 *Calculation period of less than 1 year:* Whenever it is necessary to compute an amount of interest in respect of any Covered Bond for a period of less than a full year, such interest shall be calculated on the basis of the applicable Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).
- 7.5 *Fixed Coupon Amount:* The amount of interest payable in respect of each Fixed Rate Covered Bond:
- (a) for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Fixed Rate Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination;
 - (b) for any period for which a Fixed Coupon Amount is not specified, the Interest Amount will be determined by applying the Interest Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent; and
 - (c) will on any Interest Payment Date, if so specified in the applicable Final Terms, amount to the broken amount specified in the relevant Final Terms.
- 7.6 *Partly Paid Covered Bond Provisions:* In the case of Partly Paid Covered Bonds (other than Partly Paid Covered Bonds which are Zero Coupon Covered Bonds), interest will accrue on the paid up nominal amount of such Covered Bonds or as otherwise specified in the applicable Final Terms.
- 7.7 *Floating Rate Covered Bond Interest Rate Provisions:* The Interest Rate payable from time to time in respect of Floating Rate Covered Bonds will be determined as follows:
- (a) *ISDA Determination:* Where "**ISDA Determination**" is specified in the applicable Final Terms, the Interest Rate will be the relevant ISDA Rate plus or minus the Margin (if any). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) 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 that person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Final Terms;
 - (ii) the Designated Maturity is as specified in the applicable Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (I) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.
 - (b) *Screen Rate Determination:* Where Screen Rate Determination is specified in the applicable Final Terms, the Interest Rate for each Interest Period will be the Reference Rate plus or minus the Margin (if applicable as indicated in the Final Terms).
- The Reference Rate will be determined on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate as being the rate

which appears on the Screen as of the Relevant Time on the relevant Interest Determination Date;

- (ii) in any other case, the Calculation Agent will determine the Reference Rate as being the arithmetic mean of the rates which appear on the Screen as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Screen is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Reference Rate applicable to the Covered Bonds during such Interest Period will be the Reference Rate in respect of the preceding Interest Period.

- 7.8 *Determination of Interest Rate and calculation of Interest Amounts:* The Principal Paying Agent, or the Calculation Agent in the case of Variable Interest Covered Bonds, will on or as soon as practicable after each Interest Determination Date, determine the Interest Rate and Interest Amount for the relevant Interest Period by applying the Interest Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. In the case of Variable Interest Covered Bonds, the Calculation Agent will notify the Principal Paying Agent of the Interest Rate and Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.
- 7.9 *Minimum Interest Rate:* If the applicable Final Terms for a Floating Rate Covered Bond or a Variable Interest Covered Bond specifies a Minimum Interest Rate, then, in the event that the Interest Rate determined in accordance with the provisions above is less than such Minimum Interest Rate for the relevant Interest Period, the Interest Rate shall be such Minimum Interest Rate.
- 7.10 *Maximum Interest Rate:* If the applicable Final Terms for a Floating Rate Covered Bond or a Variable Interest Covered Bond specifies a Maximum Interest Rate, then, in the event that the Interest Rate determined in accordance with the provisions above is greater than such Maximum Interest Rate for the relevant Interest Period, the Interest Rate shall be such Maximum Interest Rate.

- 7.11 *Notification of Interest Rate and Interest Amounts:* The Calculation Agent will cause the Interest Rate and Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the Paying Agents and to any stock exchange or other relevant competent authority or quotation system on which the relevant 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 the Notices Condition as soon as possible after their determination but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Trustee and each stock exchange or other relevant authority on which the relevant 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 the Notices Condition.
- 7.12 *Determination or Calculation by Trustee:* If for any reason at any relevant time after the Issue Date, the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Interest Rate or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount, the Trustee may, without any liability accruing as a result, determine the Interest Rate and the Interest Amount 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 Interest Rate or Maximum Interest Rate specified in the applicable Final Terms), 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 or the Calculation Agent, as the case may be.
- 7.13 *Certificates to be final:* All certificates, notifications, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Principal Paying Agent, the Calculation Agent or the Trustee shall (in the absence of wilful default, gross 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 Instrumentholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Instrumentholders 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.
- 7.14 *Business Day, Business Day Convention, Day Count Fractions and other adjustments*
- (a) In these Conditions, "**Business Day**" means a day which is both:
- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Cyprus and any Additional Business Centre specified in the applicable Final Terms; and
- (ii) in relation to any sum (A) payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; or (B) payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.
- (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) 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, 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 the Specified Period after the preceding applicable Interest Payment Date; 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; or
 - (v) "**No Adjustment**", such Interest Payment Date shall not be adjusted in accordance with any Business Day Convention.
- (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) where the Interest Period is equal to or shorter than the Determination Period during which the Interest Period ends, the number of days in such Interest 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) where the Interest Period is longer than the Determination Period during which the Interest Period ends, the sum of (I) the number of days in such Interest Period falling in the Determination Period in which the Interest 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 Interest 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

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

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

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

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

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

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

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

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

- (ix) such other Day Count Fraction as may be specified in the applicable Final Terms.

- (d) 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.

- (e) 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.
- (f) "**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.

7.15 *Floating Rate Covered Bonds Interest Rate after Notice of Default:* If Floating Rate Covered Bonds become immediately due and repayable under Condition 13.1 (*Consequences of delivery of Notice of Default*) the rate and/or amount of interest payable in respect of them will be calculated at the same intervals as if such Covered Bonds had not become due and repayable, the first of which will commence on the expiry of the Interest Period during which the Covered Bonds become so due and repayable in accordance with Condition 13.1 (*Consequences of delivery of Notice of Default*) (with consequential amendments as necessary) except that the rates of interest need not be published.

8. **Redemption and Purchase**

8.1 *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 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, then this shall not constitute an Event of Default and (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.
- (c) The Issuer shall confirm to the Rating Agencies, any relevant Hedging Counterparty, the Trustee, the Clearing Systems 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 if the Issuer will not pay in full the Final Redemption Amount in respect of a Series of Covered Bonds on the Final Maturity Date.

8.2 *Redemption for taxation reasons:* The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the relevant Covered Bond is not a Floating Rate Covered Bond or a Variable Interest Covered Bond) or on any Interest Payment Date (if the relevant Covered Bond is a Floating Rate Covered Bond or a Variable Interest Covered Bond):

- (a) on giving not less than 30 nor more than 60 days' notice to the Trustee and, in accordance with the Notices Condition, the Covered Bondholders (which notice shall be irrevocable); and
- (b) 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, that the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 10 (*Taxation*).

Covered Bonds redeemed pursuant to this Condition will be redeemed at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, provided the Issuer has sufficient funds to discharge any amounts due in priority to the Covered Bondholders in the relevant Payments Priorities.

8.3 *Redemption at the option of the Issuer:* If an Issuer Call is specified in the applicable Final Terms (an "**Issuer Call**"), the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with the Notices Condition; and
- (b) not less than 15 days before the giving of the notice referred to in (a), notice to the Principal Paying Agent and to the Trustee,

(which notice shall be irrevocable) redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date, provided the Issuer has sufficient funds to discharge any amounts due in priority to the Covered Bondholders in the relevant Payments Priorities. 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). 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 or Individual Covered Bond Certificates, 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 or Individual Covered Bond Certificates, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with the Notices Condition not less than 15 days (or such shorter period as may be specified in the applicable Final Terms) prior to the Optional Redemption Date. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds, Individual Covered Bond Certificates or Global Covered Bonds shall be *pro rata* to the aggregate nominal amount of Definitive Covered Bonds, Individual Covered Bond Certificates or Global 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 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with the Notices Condition at least five days (or such shorter period as is specified in the applicable Final Terms) prior to the Selection Date.

8.4 *Redemption at the option of the Covered Bondholders:*

- (a) If an Investor Put is specified in the Final Terms (the "**Investor Put**"), then if and to the extent specified in the applicable Final Terms, upon the holder of this Covered Bond giving to the Issuer, a Put Notice, not less than 30 nor more than 60 days' prior to the Optional Redemption Date (or such other period specified in the applicable Final Terms) (which notice shall be irrevocable), the Issuer will redeem subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Final Terms, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date, provided the Issuer has sufficient funds to discharge any amounts due in priority to the Covered Bondholders in the relevant Payments Priorities.
- (b) To exercise such right of redemption the holder of this Covered Bond must deliver, to the specified office of any Paying Agent, at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or the Transfer Agent or the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by

cheque, an address) to which payment is to be made under this Condition. If this Covered Bond is in definitive form, this Covered Bond or evidence that this Covered Bond will, following delivery of the Put Notice, be held to its order or under its control must be provided satisfactory to the Paying Agent, Transfer Agent or the Registrar concerned.

- (c) Before an Investor Put can be exercised, certain conditions and/or circumstances set out in the applicable Final Terms may need to be satisfied.

8.5 *Early Redemption Amounts*

- (a) **"Early Redemption Amount"** means:
 - (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, the Final Redemption Amount thereof;
 - (ii) in the case of a Covered Bond other than a Zero Coupon Covered Bond, with a Final Redemption Amount which is not or may not be the Issue Price or which is payable in a Specified Currency other than that in which it is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its Principal Amount Outstanding, together with interest accrued to (but excluding) the date fixed for redemption; and
 - (iii) in the case of a Zero Coupon Covered Bond, at an amount (the **"Amortised Face Amount"**) equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date 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.
- (b) Where such calculation in paragraph (iii) 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 not falling in a leap year divided by 365) or (C) on such other calculation basis as may be specified in the applicable Final Terms.

8.6 *Instalment Covered Bonds:* Instalment Covered Bonds will be redeemed in instalment amounts as specified in the Final Terms (the **"Instalment Amount"**) and on the date specified in the Final Terms (the **"Instalment Date"**). In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.5 (*Early Redemption Amounts*).

8.7 *Partly Paid Covered Bonds:* Partly Paid Covered Bonds will be redeemed at maturity in accordance with the provisions of the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.5 (*Early Redemption Amounts*).

8.8 *Purchases:* The Issuer or any subsidiary holding company or affiliate of the Issuer may at any time acquire Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are attached or surrendered therewith) at any price in the open market or otherwise either by tender or private agreement or otherwise. Such Covered Bonds may be held, reissued (subject to the requirements of the Covered Bond Legislation), resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

8.9 *Cancellation:* All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of definitive Covered Bonds, all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith). All Covered Bonds so cancelled and any Covered Bonds purchased and cancelled pursuant to Condition 8.8 (*Purchases*) (together with, in the case of Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

8.10 *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 or a Variable Interest Covered Bond at the Interest Rate;
- (b) in the case of a Variable Interest Covered Bond, at a rate calculated by the Calculation Agent so as to compensate reasonably the holder of the Covered Bond for the cost of funding the delay in receiving the Late Payment,

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 and Condition 8.11 (*Zero Coupon Covered Bond Provisions*), the "**Late Payment Date**" shall mean the earlier of:

- (a) 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
- (b) the seventh day after notice is given to the relevant Covered Bondholder (whether individually or in accordance with the Notices Condition) 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.

8.11 *Zero Coupon Covered Bond Provisions:* If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused upon its becoming due and repayable or is paid after its due date, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (a) the Reference Price; and
- (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction, from (and including) the Issue Date to (but excluding) the Late Payment Date.

9. **Payments**

9.1 *Principal - Bearer Bonds:* Payments of principal on Bearer Bonds shall be made only against:

- (a) in the case of final redemption, provided that payment is made in full, presentation and surrender of the relevant Bearer Bonds; and
- (b) in respect of any other principal payment, presentation and (in the case of payment in full) surrender of the appropriate Receipts.

at the specified office of any Paying Agent outside the United States.

- 9.2 *Principal - Registered Bonds:* Payments of principal on Registered Bonds shall be made on application by a Holder of a Registered Bond to the Specified Office of any Paying Agent not later than the fifteenth day before the due date for any such payment and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Registered Bond at the Specified Office of any Paying Agent.
- 9.3 *Interest on Coupons:* Payments of interest shall be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States.
- 9.4 *Interest - Registered Bonds:* Payments of interest on Registered Bonds shall be made on application by a Holder of a Registered Bond to the Specified Office of any Paying Agent not later than the fifteenth day before the due date for any such payment and (in the case of interest payable upon redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Registered Bond at the Specified Office of any Paying Agent.
- 9.5 *Method of payment:*
- (a) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;
 - (b) 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; and
 - (c) payments in another Specified Currency 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);

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.

9.6 *Payments in United States:*

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in respect of Bearer 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 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.
- 9.7 *Payments subject to fiscal laws:* All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 10 (*Taxation*), no commissions or expenses shall be charged to the Covered Bondholders or Couponholders in respect of such payments.

- 9.8 *Unmatured Receipts Void:* On the due date for final redemption of any Covered Bond, all unmatured Receipts relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 9.9 *Unmatured Coupons Void:* On the due date for final redemption of any Floating Rate Covered Bond, Variable Interest Covered Bond or Long Maturity Covered Bond, all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 9.10 *Deductions for unmatured Coupons:* Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the related missing Coupon at any time before the expiry of ten years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void) or, if later, five years from the date on which such Coupon would otherwise have become due but in no event thereafter.
- 9.11 *Payments on Payment Business Days:* In respect of Definitive Covered Bonds and Individual Covered Bond Certificates, if the due date for payment of any amount in respect of any Covered Bonds or Coupon is not a payment business day in the place of presentation or payment, the holder shall not be entitled to payment in such place of the amount due until the next succeeding payment business day in the place of presentation or payment on which banks are open for business in such place of presentation or payment and shall not be entitled to any further interest or other payment in respect of any such delay.
- 9.12 *Payment Business Days:* In this Condition, "**payment business day**" means:
- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
 - (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.
- 9.13 *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Covered Bonds at the specified office of any Paying Agent outside the United States (unless permitted by Condition 9.6 (*Payments in United States*)).
- 9.14 *Endorsement of payments:* If a Paying Agent makes a payment in respect of any Covered Bond (otherwise than against presentation and surrender of a Coupon) or a partial payment in respect of any Coupon presented to it for payment, such Paying Agent will endorse on such Covered Bonds or Coupon (as the case may be) a statement indicating the amount and date of such payment.

- 9.15 *Exchange of Talons*: On or after the Interest Payment Date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Covered Bonds (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Covered Bond, any unexchanged Talon relating to such Covered Bond shall become void and no Coupon will be delivered in respect of such Talon.
- 9.16 *Record date*: Each payment in respect of a Registered Bond will be made to the person shown as the Holder in the Register at the close of business on the Business Day (or if the relevant Registered Bond is in the form of an Individual Covered Bond Certificate, the fifteenth day) before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Bond is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.
- 9.17 *Notifications to be final*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them), the Paying Agents, the Calculation Agent or the Trustee shall (in the absence of any gross negligence, wilful default, fraud or manifest error) be binding on the Issuer and all Covered Bondholders and Couponholders and (in the absence of any gross negligence, wilful default or fraud) no liability to the Trustee, the Covered Bondholders or the Couponholders shall attach to the Reference Banks, the Agents, or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition.
- 9.18 *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 10 (*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 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 8.5(iii));
 - (f) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
 - (g) in relation to any Dual Currency Interest Covered Bonds, the principal payable in any relevant Specified Currency.

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 10 (*Taxation*) or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

10. **Taxation**

- 10.1 *Gross up*: All payments of principal and interest in respect of the Instrument (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 Cyprus or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, prior to the occurrence of an Issuer Insolvency Event but not afterwards, the Issuer shall

pay such additional amounts to Instrumentholders as will result in the receipt by the Instrumentholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Instrument presented for payment:

- (a) in Cyprus;
- (b) by or on behalf of a holder which is liable to such Taxes in respect of such Instrument by reason of its having some connection with Cyprus other than the mere holding of such Covered Bond or Coupon;
- (c) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Covered Bond or Coupon on the last day of such period of 30 days;
- (d) by or on behalf of a holder who would not be liable or subject to such withholding or deduction if it were to comply with a statutory requirement or to make a declaration of non residence or other similar claim for exemption but fails to do so;
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive or law implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) by or on behalf of a holder who would have been exempted from such withholding or deduction by presenting the relevant Covered Bond or Coupon to another Paying Agent in a Member State of the European Union.

- 10.2 *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than Cyprus, references in the Conditions to Cyprus shall be construed as references to Cyprus and/or such other jurisdiction.

As used herein, the "**Relevant Date**" means the date on which payment in respect of the Covered Bond, Receipt 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 the Notices Condition.

11. **Issuer Events**

If any of the following events (each, an "**Issuer Event**") occurs:

- (a) an Issuer Insolvency Event;
- (b) any present or future Indebtedness of the Issuer becomes due and payable prior to the stated maturity thereof as extended by any grace period originally applicable thereto; or any present or future guarantee of, or indemnity given by the Issuer in respect of, indebtedness is not honoured when called upon or within any grace period originally applicable thereto, provided that the amount of Indebtedness referred to in this paragraph (b) individually or in the aggregate exceeds €10,000,000 (or its equivalent in any other currency or currencies);
- (c) the Issuer defaults in the performance or observance of any of its other obligations, which in the opinion of the Trustee would have a materially prejudicial effect on the interests of the Covered Bondholders, under or in respect of the Covered Bonds or the Transaction Documents and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) is, in the opinion of the Trustee, capable of remedy and remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer;

- (d) it is or will become unlawful for the Issuer to perform or comply with any of its obligations, which in the opinion of the Trustee would have a materially prejudicial effect on the interests of the Covered Bondholders, under or in respect of the Covered Bonds or the Transaction Documents;
- (e) a Test Event; or
- (f) there is a failure to pay the Final Redemption Amount on the Final Maturity Date in respect of any Series for which an Extended Final Maturity Date is specified in the applicable Final Terms, which shall constitute an Issuer Event only for so long as the Final Redemption Amount has not been paid in full; or
- (g) there is a failure to pay any amount of interest in respect of any Series of Covered Bonds on the due date for payment of such (disregarding any grace period),

then for so long as such Issuer Event is continuing, (i) no further Covered Bonds will be issued and (ii) 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 to the Secured Creditors in accordance with the relevant Payments Priorities.

12. **Events of Default**

12.1 *Events of Default:* The following shall each be an Event of Default in respect of the Covered Bonds:

- (a) *Non-payment:* there is a failure to pay any amount of principal or interest in respect of any Series of Covered Bonds within seven days of the due date for payment of such (subject to Condition 8.1(b) (*Final Redemption*))); or
- (b) following the occurrence of an Issuer Insolvency Event, the Servicer (or the Covered Bond Business Administrator if it has been appointed) will determine and notify the Trustee that the applicable Cover Pool is insufficient to meet the Issuer's liabilities under the relevant Series of Covered Bonds.

12.2 *Delivery of Notice of Default:* If (i) the Central Bank of Cyprus has confirmed in writing to the Trustee that it consents to the delivery by the Trustee of a Notice of Default and (ii) the Trustee is satisfied that an Event of Default has occurred and is continuing and:

- (a) is so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding as if they were a single Series (with any non-euro amounts converted into euro at the Swap Rate); or
- (b) is so directed by an Extraordinary Resolution passed at a joint meeting of the holders of all the outstanding Covered Bonds;

then the Trustee shall deliver a Notice of Default to the Issuer.

12.3 *Conditions to delivery of Notice of Default:* Notwithstanding Conditions 12.1(a) and 12.1(b) above, the Trustee shall not be obliged to deliver a Notice of Default unless it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13. **Enforcement**

13.1 *Consequences of delivery of Notice of Default:* Upon the delivery of a Notice of Default, the Covered Bonds of each Series shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest thereon.

13.2 *Enforcement by Covered Bond Business Administrator:* Following the delivery of a Notice of Default, any enforcement of the Cypriot Security or the Statutory Pledge shall be undertaken

only by the Covered Bond Business Administrator, who shall also have the right to direct the Trustee in relation to the enforcement of its rights under the Security Deed.

- 13.3 *Proceedings*: Without prejudice to Condition 13.2 above, subject to the Central Bank of Cyprus having given to the Trustee its prior written consent to such proceedings, the Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce the rights under these Conditions and the Trust Deed in respect of the Covered Bonds of each Series and under the other Transaction Documents which the Trustee holds on trust for the Covered Bondholders or for the Secured Creditors, but it shall not be bound to do so unless (i) it is:

- (a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Covered Bonds then outstanding as if they were a single Series (with any non-euro amounts converted into euro at the Swap Rate); or
- (b) so directed by an Extraordinary Resolution passed at a joint meeting of the holders of all the outstanding Covered Bonds;

and, (ii) in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

14. **No action by Covered Bondholders and Couponholders**

No Covered Bondholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. **Prescription**

Claims against the Issuer for payment of principal and interest in respect of the Covered Bonds 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.

16. **Replacement of Covered Bonds Receipts, Coupons and Talons**

If any Bond Certificate, Receipt, Talon or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Covered Bonds are then listed on any stock exchange which requires the appointment of a Paying 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. Any mutilated or defaced Bond Certificate, Receipt, Talon or Coupons must be surrendered before replacements will be issued.

17. **Trustee and Agents**

- 17.1 *Trustee's Right to indemnity*: Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Instrumentholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

- 17.2 *Trustee not responsible for loss or for monitoring*: The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents, and shall be entitled to assume that no Event of Default, Issuer Event or Servicer Event has happened until it has actual notice to the contrary.

- 17.3 *Regard to Covered Bondholders as if they were a single Series*: Save as provided in the Transaction Documents, in the exercise of its powers and discretions under these Conditions and

the Trust Deed, the Trustee will be entitled to consult with the Central Bank of Cyprus and to seek directions from the Central Bank of Cyprus and to act in accordance with any request, directions or consent given by it to the Trustee and, subject to the above, the Trustee:

- (a) will have regard to the interests of all Covered Bondholders as if they were a single Series and will not be responsible for any consequence for individual Instrumentholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
- (b) will not have regard to the interests of the other Secured Creditors.

17.4 *Paying Agents solely agents of Issuer:* In acting under the Agency Agreement and in connection with the Instruments, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Instrumentholders.

17.5 *Initial Paying Agents:* The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (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 agent bank and additional or successor paying agents at any time, having given not less than 30 days notice to such Agent.

17.6 *Maintenance of Agents:* The Issuer shall at all times maintain a paying agent with its Specified Office in any city where a stock exchange on which the Covered Bonds are listed requires there to be a paying agent, a principal paying agent and an agent bank. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Covered Bondholders in accordance with the Notices Condition.

17.7 *EU Paying Agent:* The Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive or law implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

18. **Meetings of Covered Bondholders**

18.1 *Meetings of Covered Bondholders:* The Trust Deed contains provisions for convening meetings of Covered Bondholders to consider matters relating to the Covered Bonds, including the modification of any provision of these Conditions or the Trust Deed.

18.2 *Request of Covered Bondholders:* A meeting of Covered Bondholders may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified to its satisfaction) upon the request in writing of Covered Bondholders holding not less than ten per cent. of the aggregate Principal Amount Outstanding of the outstanding Covered Bonds of all Series (with any non-euro amounts converted into euro at the Swap Rate).

18.3 *Quorum:* The quorum at any meeting convened to vote on:

- (a) an Extraordinary Resolution other than regarding a Reserved Matter will be two or more persons holding or representing more than one half of the aggregate Principal Amount Outstanding of the outstanding Covered Bonds or, at any adjourned meeting, two or more persons being or representing Covered Bondholders whatever the Principal Amount Outstanding of the Covered Bonds held or represented (with any non-euro amounts converted into euro at the Swap Rate);
- (b) an Extraordinary Resolution in relation to a Reserved Matter will be two or more persons holding or representing not less than in the aggregate 75 per cent. or, at any adjourned meeting, 33⅓ per cent. of the aggregate Principal Amount Outstanding of the outstanding Covered Bonds (with any non-euro amounts converted into euro at the Swap Rate).

Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Covered Bondholders and Couponholders whether present or not.

- 18.4 *Separate Meetings for each Series:* Where more than one Series is outstanding, business which in the opinion of the Trustee affects (a) only one Series will be transacted at a separate meeting of the holders of that Series, (b) more than one Series but does not give rise to an actual or potential conflict of interest between the holders of Covered Bonds of one such Series and the holders of Covered Bonds of any other such Series shall be transacted either at separate meetings of the holders of each Series or at a single meeting of the holders of all those Series, as the Trustee shall in its absolute discretion determine and (c) more than one Series and gives rise to an actual or potential conflict of interest between the holders of those Series shall be transacted at separate meetings of the holders of each Series.

19. **Modification and Waiver**

- 19.1 *Modification:* The Trustee may, at any time and from time to time, without the consent or sanction of the Instrumentholders or any other Secured Creditors but in all cases subject to the prior written approval of the Central Bank of Cyprus, concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Trust Documents, the Covered Bonds or the other Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Trust Documents, Conditions, Covered Bonds or other Transaction Documents referred to in the definition of a Reserved Matter) in relation to which its consent is required which, in the sole opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the outstanding Covered Bonds; or
- (b) any modification to these Conditions, the Trust Documents and the other Transaction Documents in relation to which its consent is required if, in the sole opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error or is necessary or desirable for the purposes of clarification,

provided that, in relation to Condition 19.1(a), any modification is notified by or on behalf of the Issuer to the Rating Agencies.

- 19.2 *Waiver:* In addition, the Trustee may without the consent or sanction of the Instrumentholders or any other Secured Creditor, but in all cases subject to the prior written approval of the Central Bank of Cyprus waive any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Instruments, the other Transaction Documents (other than in respect of a Reserved Matter), or determine that any Event of Default shall not be treated as such or to make any determination in respect of an Issuer Event or a Servicer Event for the purposes of the Trust Documents, the Instruments or any of the other Transaction Documents if, in the opinion of the Trustee, the interests of the holders of the Covered Bonds then outstanding will not be materially prejudiced by such waiver, provided that the Issuer shall notify the Rating Agencies of any such waiver.

- 19.3 *Restriction on power to waive:* The Trustee shall not exercise any powers conferred upon it by Condition 19.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Covered Bonds then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of all the Covered Bonds then outstanding, but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of all Covered Bonds outstanding have, by Extraordinary Resolution, so authorised its exercise.

- 19.4 *Notification:* Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Covered Bondholders, the other Secured Creditors and the Rating Agencies in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

- 19.5 *Binding Nature:* Any authorisation, waiver, determination or modification referred to in Condition 19.1 (*Modification*) or Condition 19.2 (*Waiver*) shall be binding on the Instrumentholders and the other Secured Creditors.

20. **Further Issues**

- 20.1 *Further Tranches:* The Issuer may from time to time, without the consent of the Covered Bondholders or the Couponholders, create and issue further 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) so as to form a single series with the Covered Bonds.
- 20.2 *Further Series:* The Issuer may from time to time, without the consent of the Covered Bondholders or the Couponholders, create and issue other Series of Covered Bonds.
- 20.3 *Conditions Precedent:* It is a condition precedent to the issuance of a new Series or Tranche of Covered Bonds that:
- (a) there is no Issuer Event which is continuing and that such issuance would not cause an Issuer Event;
 - (b) the Statutory Tests are satisfied and that such issuance would not cause a breach of the Statutory Tests;
 - (c) the Rating Agencies have confirmed the then current rating of all Covered Bonds 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;
 - (d) such issuance has been approved by the Central Bank of Cyprus and will be registered in the covered bond register in accordance with the Covered Bond Legislation;
 - (e) if applicable, in respect of any Series or Tranche, a Hedging Agreement is entered into; and
 - (f) the other conditions precedent specified in the Dealer Agreement are satisfied and/or waived by the mandated Dealer.

21. **Notices**

Any notice to Covered Bondholders in respect of Covered Bonds represented by a Global Covered Bond shall be deemed to have been validly given if:

- (a) sent to Euroclear and/or Clearstream, Luxembourg (as applicable) in such manner as approved by the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg (as applicable) (any such notice shall be deemed to have been given on the date it is sent provided that this is within normal business hours); or
- (b) published in a leading English language daily newspaper having a general circulation in London (any such notice shall be deemed to have been given on the date of first publication).

With regard to Covered Bonds which are listed on the Irish Stock Exchange and for so long as the rules of that exchange so require, all notices shall be published on the website of the Irish Stock Exchange (www.ise.ie) or in such other manner as required by the Irish Stock Exchange from time to time. Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Covered Bondholders.

22. **Substitution of the Issuer**

- 22.1 *Substitution of Issuer:* The Issuer may, subject to notifying the Rating Agencies but without the consent of the holders of the Covered Bonds of any Series or any Receipts or Coupons relating thereto, or any other Secured Creditor consolidate with, merge or amalgamate into any other entity incorporated anywhere in the world and substitute such successor entity as the debtor in

respect of the Covered Bonds and other Secured Amounts (the "**Substituted Obligor**"), provided that the conditions specified in the Trust Deed are satisfied.

- 22.2 *Further Substitutions*: After a substitution pursuant to Condition 22.1 the Substituted Obligor may, subject to notifying the Rating Agencies but without the consent of any Covered Bondholder or Couponholder, effect a further substitution. All the provisions specified in this Conditions 22 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 Substituted Obligor.
- 22.3 *Notice of Substitution of Issuer*: Not later than fourteen days after any substitution of the Issuer in accordance with this Condition, the Substituted Obligor shall cause notice of such substitution to be given to the Covered Bondholders and the other Secured Creditors in accordance with the Notices Condition.
- 22.4 *Change of Law*: In connection with any proposed substitution pursuant to this Condition, the Trustee may in its absolute discretion and without the consent of the Instrumentholders or the other Secured Creditors, agree to a change of the law from time to time governing the Instruments and/or any of the Transaction Documents provided that such change of law would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Covered Bondholders, and the Rating Agencies are notified.
- 22.5 *No indemnity*: No Instrumentholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such substitution upon individual Instrumentholders.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 per cent., being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Governing Law and Jurisdiction**

- 24.1 *Governing law*: The Covered Bonds and all non-contractual obligations arising out of or in connection with the Covered Bonds are governed by, and shall be construed in accordance with, English law.
- 24.2 *Jurisdiction*: the Issuer has in the Trust Deed (i) submitted irrevocably to the jurisdiction of the courts of England for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Documents or the Covered Bonds, (ii) waived any objection which it might have to any such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum and (iii) designated a person in England to accept service of any process on its behalf.

25. **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 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which, subject to any necessary amendment, will be completed for each Tranche of Covered Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[Date]

MARFIN POPULAR BANK PUBLIC CO LTD
Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]
Under the €5 billion
Residential Loans Covered Bond Programme

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

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 on or about 24 May 2011 [and the supplemental Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus 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 [as so supplemented]. 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. Copies of the Base Prospectus [and the supplement to the Base Prospectus] are available free of charge to the public at the registered office of the Issuer and from the specified office of each of the Paying Agents.

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated on or about 24 May 2011 [and the supplemental Base Prospectus dated [date]]. This document constitutes the final terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated on or about 24 May 2011 [and the supplemental Prospectus dated [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Terms and Conditions which are extracted from the Base Prospectus dated on or about 24 May 2011 and are attached hereto. Full information on the Issuer and its subsidiaries (together the "**Group**") and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Base Prospectus dated [original date] and on or about 24 May 2011 [and the supplement to the Base Prospectus dated [date]]. Copies of such Base Prospectuses are available free of charge to the public at the registered office of the Issuer and from the specified office of each of the Paying Agents.]

[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.]

[When completing any final terms or adding any other final terms or information including final terms at items 9, 10, 15, 16, 17 or 28 of Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms

or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: Marfin Popular Bank Public Co Ltd

2. (i) Series Number: [•]
 (ii) Tranche Number: [•]
(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible).

3. Specified Currency or Currencies: [•]

4. Aggregate Nominal Amount of Covered Bonds: [•]
 [(i) Series: [•]
 [(ii) Tranche: [•]

5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]

6. (i) Specified Denominations: [•]
(N.B. Where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed: €100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000].)

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

 (ii) Calculation Amount: [•]

7. (i) Issue Date: [•]
 (ii) Interest Commencement Date: [•]

8. (i) Final Maturity Date: [Fixed rate — specify date/Floating Rate — Interest Payment Date falling in or nearest to the relevant month and year]

- (ii) Extended Final Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling one year after the Final Maturity Date]]*
- [If an Extended Final Maturity Date is specified and the Final Redemption Amount is not paid in full on the Final Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. See Condition 8.1(b) (*Final Redemption*)]
- N.B. Zero Coupon Covered Bonds are not to be issued with an Extended Final Maturity Date unless otherwise agreed with the Dealers and the Trustee*
9. (i) Interest Basis: *[[•] per cent. Fixed Rate]*
- [Specify reference rate] [•] per cent.*
- [Floating Rate]*
- [Zero Coupon]*
- [Index Linked Interest]*
- [Dual Currency Interest]*
- [specify other](further particulars specified below)*
10. Redemption/Payment Basis: *[Redemption at par]*
- [Partly Paid]*
- [Instalment]*
- [specify other]*
- [N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.]*
11. Change of Interest Basis or Redemption/ Payment Basis: *[Specify details of any provision for convertibility of covered bonds into another interest or redemption/payment basis]*

12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Covered Bonds: Senior
(ii) [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)
14. Method of distribution: [Syndicated/Non syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Covered Bond Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Rate(s): [•] per cent. per annum [payable [annually/semi annually/quarterly/monthly/ other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [[•] in each year up to and including the Final Maturity Date, or the Extended Final Maturity Date, if applicable]/[*specify other*]
- (iii) Business Day Convention: Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]
- (iv) Business Day(s): [•]
- (v) Additional Business Centre(s): [•]
- (vi) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
(Applicable to Covered Bonds in definitive form)
- (vii) Broken Amount(s): [•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
(Applicable to Covered Bonds in definitive form)
- (viii) Day Count Fraction: [30/360/Actual/Actual [(ICMA/ISDA)]/[*specify other*]] [adjusted/not adjusted] *(N.B. If interest is not payable on a regular basis (for example, if Broken Amounts are specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*
- (ix) Determination Date: [•] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (This will need to be amended in the case of regular interest payment dates which are not of equal

		<i>durations)</i>
		<i>(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
(x)	Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds:	[Not Applicable/Specify details] <i>[Specify if fixed rate converts to floating rate from Final Maturity Date to Extended Final Maturity Date, if applicable]</i>
16.	Floating Rate Covered Bond Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[•]
(ii)	Specified Period(s)/Specified Interest Payment Dates:	[•]
(iii)	First Interest Payment Date:	[•]
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ <i>[specify other]</i>]
(v)	Business Day(s):	[•]
(vi)	Additional Business Centre(s):	[•]
(vii)	Manner in which the Interest Rate(s) is/are to be determined:	[Screen Rate Determination / ISDA Determination / <i>[specify other]</i>]
(viii)	Party responsible for calculating the Interest Rate and Interest Amount (if not the Principal Paying Agent):	[•] shall be the Calculation Agent
(ix)	Screen Rate Determination:	
•	Reference Rate:	[•] <i>(Either LIBOR, EURIBOR or other. If other, provide additional information, including amendment to fallback provisions in the Agency Agreement)</i>
•	Interest Determination Date(s):	[•] <i>(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)</i> <i>N.B. Specify the Interest Determination Date(s) up to and including the Extended Final Maturity Date, if applicable</i>
•	Relevant Screen Page:	[•] <i>(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows</i>

		<i>a composite rate or amend the fallback provisions appropriately)</i>
	• Relevant Time:	<i>[For example, 11.00 a.m. London time/Brussels time]</i>
	• Relevant Financial Centre:	<i>[For example, London/Euro zone (where Euro zone means the region comprised of the countries whose lawful currency is the euro)]</i>
(x)	ISDA Determination:	
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•]
	• Reset Date:	[•]
(xi)	Margin(s):	[+/-][•] per cent. per annum
(xii)	Minimum Interest Rate:	[•] per cent. per annum
(xiii)	Maximum Interest Rate:	[•] per cent. per annum
(xiv)	Day Count Fraction:	<p>[Actual/ Actual (ISDA)</p> <p>Actual/365 (Fixed)</p> <p>Actual/365 (Sterling)</p> <p>Actual/360</p> <p>30/360</p> <p>30E/360</p> <p>30E/360 (ISDA)</p> <p>Other]</p> <p><i>(See Condition 7.13(c)(Business Day, Business Day Convention, Day Count Fractions and other adjustments) for alternatives)</i></p> <p>[adjusted/not adjusted]</p>
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	[•]
17.	Zero Coupon Covered Bond Provisions	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
(i)	[Amortisation/Accrual] Yield:	[•] per cent. per annum
(ii)	Reference Price:	[•]
(iii)	Any other formula/basis of	<i>(Consider applicable Day Count Fraction)</i>

- determining amount payable:
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
 - (v) Business Day(s): [•]
 - (vi) Additional Business Centre(s): [•]
 - (vii) Day Count Fraction in relation to the determination of the Principal Amount Outstanding at any time, Early Redemption Amounts and late payments: [Conditions 2 (*Definitions*), 8.5(a)(iii) (*Early Redemption Amounts*) and 8.11 (*Zero Coupon Covered Bond Provisions*) apply/*specify other*]
18. **Variable Interest Covered Bond Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula/other variable: [*give or annex details*]
 - (ii) Calculation Agent responsible for calculating the interest due: [•]
 - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
 - (iv) Interest Determination Date(s): [•]
 - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•] (Include a description of market disruption or settlement disruption events and adjustment provisions)
 - (vi) Interest or Calculation Period(s)/ Specified Interest Payment Dates: [•]
 - [•]
 - (vii) Business Day Convention: [*Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)*]
 - (viii) Business Day(s): [•]
 - (ix) Additional Business Centre(s): [•]
 - (x) Minimum Interest Rate: [•] per cent. per annum
 - (xi) Maximum Interest Rate: [•] per cent. per annum
 - (xii) Day Count Fraction: [•] [adjusted/not adjusted]
19. **Dual Currency Covered Bond Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): [•]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *(Include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]
- (v) Business Day(s): [•]
- (vi) Additional Business Centre(s): [•]

PROVISIONS RELATING TO REDEMPTION

20. **Issuer Call** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) (If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period (if other than as set out in the Terms and Conditions): [•]

(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)

21. **Investor Put** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period: [•]

(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent and the Trustee)

22. **Final Redemption Amount of each Covered Bond** [•] per Calculation Amount/specify other/see Appendix

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This proforma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.)

In cases where the Final Redemption Amount is Index Linked or other variable linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent): [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [•]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (vi) Minimum Final Redemption Amount: [•] per Calculation Amount
- (vii) Maximum Final Redemption Amount: [•] per Calculation Amount

23. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation [•]
Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

24. Form of Covered Bonds:

Bearer Bonds:

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

[Temporary Global Covered Bond exchangeable for Definitive Covered Bond on [•] days' notice]

[Permanent Global Covered Bond exchangeable for Definitive Covered Bonds on [60] days' notice given at any time/only upon an Exchange Event]]

(N.B. The exchange upon notice should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000].")

Registered Bonds

25. New Global Note or New Safekeeping Structure Form:

[Yes]/[No]

26. Additional Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/give details]. *Note that this item relates to the date and place of payment, and not interest period end dates, to which items [15(ii), 16(vi) and 18(ix)] relates*

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

[Yes/No. *If yes, give details*]

28. Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:

[Not Applicable/give details]

(N.B. a new form of Temporary Global Covered Bond and/or Permanent Global Covered Bond may be required for Partly Paid

issues)

29. [Details relating to Instalment Covered Bonds:]
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable]
31. Consolidation provisions: [Not Applicable/The provisions [in Condition 20 (*Further Issues*)] apply]
32. Other terms or special conditions: [Not Applicable/give details]

(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/give names, addresses and underwriting commitments]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
34. If non-syndicated, name of Dealer: [Not Applicable/give name]
35. (i) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]
- (ii) Additional selling restrictions: [Not Applicable/give details]

BOND PERCENTAGE AND COMPLEMENTARY ASSETS

36. Bond Percentage [•]%
37. Minimum rating of Complementary Assets which are part of the Supervisory Overcollateralisation or the Contractual Overcollateralisation Such minimum rating of Complementary Assets shall at all times be commensurate with the Ratings of the Covered Bonds.

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the [*specify relevant regulated market*] of the Covered Bonds described herein pursuant to the €5 billion Residential Loans Covered Bond Programme of Marfin Popular Bank Public Co Ltd.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*(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 **Marfin Popular Bank Public Co Ltd:**

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of the [specify relevant regulated market (*for example the Bourse de Luxembourg, the London Stock Exchange's Gilt Edged and Fixed Interest Market or the Regulated Market of the Irish Stock Exchange*) and if relevant, admission to an official list (*for example, the Official List of the U.K. Listing Authority*)] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the [specify relevant regulated market (*for example the Bourse de Luxembourg, the London Stock Exchange's Gilt Edged and Fixed Interest Market or the Regulated Market of the Irish Stock Exchange*) and if relevant, admission to an official list (*for example, the Official List of the U.K. Listing Authority*)] with effect from [•].] [Application has been made to the Irish Stock Exchange for the Covered Bonds to be admitted to the Official List and trading on its regulated market.] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Covered Bonds are already admitted to trading.)
- (ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

- Ratings: The Covered Bonds to be issued have been rated:
- [S & P: [•]]
- [Moody's: [•]]
- [[Fitch: [•]]
- [[Other]: [•]]
- The above rating agenc[y]/[ies] are [not] established in the European Union and have [not] applied for registration under Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies[, although as of the date of these Final Terms notification of the corresponding registration decision has not yet been provided by the relevant competent authority].

(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.)

N.B. Consult the relevant Rating Agencies in relation to Covered Bonds which may have a Final Redemption Amount of less than 100 per cent. of the nominal value.

3. **[SWAPS]**

Interest Rate Swap Provider: [•]
 Covered Bond Swap Provider: [•]
 Currency Swap Provider: [•]
 Nature of Swap: [Forward Starting/Non-Forward Starting]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer."

[(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 Prospectus under Article 16 of the Prospectus Directive.)]

5. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

(i) [Reasons for the offer: [•]

(See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer differ from making profit and/or hedging certain risk, those reasons will need to be included.)]

(ii) [Estimated net proceeds:] [•]

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

(iii) [Estimated total expenses:] [•]

(Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".)

(If the Covered Bonds are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds)

and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6. **YIELD (Fixed Rate Covered Bonds only)**

Indication of yield: [•]

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

7. **HISTORIC INTEREST RATES: (Floating Rate Covered Bonds only)**

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

8. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

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

9. **PERFORMANCE OF RATE[S] OF EXCHANGE (Dual Currency Covered Bonds only)**

[Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[(When completing this paragraph, 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.)]

10. **TRADEABLE AMOUNTS**

So long as the Covered Bonds are represented by a Global Covered Bond and [specify relevant clearing system(s)] so permit, the Global Covered Bond shall be tradeable in minimum principal amounts of [€50,000]/[specify equivalent to €50,000 if Global Covered Bond not denominated in Euro] and integral multiples of [•] in addition thereto.

[If item 24 of Part A indicates that the Global Covered Bond is exchangeable for definitive Covered Bonds at the option of the Covered Bondholders, the Covered Bonds will be tradeable only in principal amounts of at least the Specified Denomination.]

11. **OPERATIONAL INFORMATION**

(i) ISIN Code: [•]

(ii) Common Code: [•]

(iii) *(insert here any other relevant codes such as CUSIP and CINS codes):* [•]

- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of initial Paying Agent(s): [•]
- (vii) Names and addresses of additional Paying Agent(s) (if any): [•]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No] [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 intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if "yes" selected in which case the bearer Covered Bonds must be issued in NGN form]*

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

SUMMARY OF THE COVERED BOND LEGISLATION

The following is a summary of the provisions of the Covered Bond Legislation relevant to the transactions described in this Base Prospectus and of which prospective Covered Bondholders should be aware. This summary is not a complete description of all aspects of the Cypriot 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.

The transactions described in this Base Prospectus are subject to the Covered Bond Legislation consisting of law 130(I)/2010 (the "**Law**") and the Central Bank of Cyprus Directive 526/2010 (the "**Directive**", and together with the Law, the "**Covered Bond Legislation**").

Cover Pool Assets

S14 of the Law states that a cover pool may consist of primary assets which are public loans, residential mortgage loans, commercial mortgage loans, maritime loans or any other asset that the Central Bank of Cyprus or the Cooperative Societies' Supervision and Development Authority (the "**Competent authority**") permits. S12 and s13 of the Directive set out the criteria required to be satisfied by eligible assets which are residential mortgage loans.

Statutory Pledge

S16(b) of the Law states that a cover pool secures the claims of the covered bond creditors. S40(5) and (6) of the Law states that, even following dissolution proceedings of the issuer, until the claims of the covered bond creditors are satisfied the cover pool assets will not be available to satisfy the claims of other creditors. S43(1) of the Law states that if the cover pool is sold or disposed of that cover pool creditors are satisfied from the proceeds in priority to all other creditors.

Insolvency of the Issuer

S38 of the Law provides that dissolution proceedings in respect of an issuer do not affect its obligations under the covered bonds. S39 of the Law also states that "the obligations of an institution with covered bond obligations towards the cover pool creditors continue to be in effect and are enforceable as provided for in this Part irrespective of the fact that the credit institution is subject to dissolution proceedings". In addition s40(1) of the Law states that "Where an institution with covered bond obligations is subject to dissolution proceedings: (a) all covered bonds issued by the credit institution remain in force, subject to the terms and conditions under which they have been issued".

Part VII of the Law provides that the cover pool will be administered to separately from the insolvency estate of the Issuer.

Registers

S23 of The Law requires a cover pool register to be maintained by the Issuer, in which pursuant to s24 each asset in the cover pool is to be registered, including hedging contracts. S12 of the Law requires a covered bond register to be maintained by the Competent Authority recording the issuances of covered bonds. S5 of the Law requires a register of approved institutions which can issue covered bonds to be maintained and which is accessible from the website of the Central Bank of Cyprus.

Recordings in the cover pool register entail a charge in favour of the covered bond creditors and may be relied upon as such by covered bond creditors and will not be available in favour of any other creditors as long as they are maintained so registered (ss16(a), 24 and 40(5) and (6) of the Law) and to the extent that such assets are required for complying with the collateralisation requirements (s19 of the Directive).

Covered Bond Business Administrator

S39(2) of the Law states that where the Issuer is subject to dissolution proceedings, the competent authority may appoint a covered bond business administrator to oversee the covered bonds. The primary duty of the covered bond business administrator is to manage the cover pool business aiming at protecting the interest of the covered bond creditors. s40(7) of the Law sets out the powers of the covered bond business administrator, and s42 permits the disposal of the cover pool in order to discharge the covered bonds in accordance with their terms.

If the Issuer becomes subject to dissolution proceedings, the cover bond business administrator is bound to take the necessary measures to assume control and management of the cover pool and to carry out the covered bond business, (s61 (1) of the Law) and may immediately employ staff for the purpose.

A Covered Bond Business Administrator may be appointed by the competent authority even if no dissolution proceedings have commenced if the competent authority considers that such an appointment is necessary to protect the interests of the covered bond creditors (see s59(2) of the Law, in particular item (j)), and once appointed is empowered to carry out the covered bond business. The Issuer is obligated in such a case (a) to pay the covered bond business administrator's remuneration as determined by the Central Bank of Cyprus and (b) to reimburse the covered bond business administrator the costs incurred in the performance of his duties (ss59(2) and s61(1) of the Law).

A covered bond business administrator may be removed by the Central Bank of Cyprus for breach, or negligent performance of, its duties. The same person may perform both the roles of covered bond business administrator and insolvency administrator of the issuer.

Statutory Tests

The Covered Bond Legislation prescribes the following tests which must be complied with by the cover pool. These tests may be supplemented or new tests added (for example paragraph (a) below, the "*Bond Coverage Test*" which is not itself prescribed by the Covered Bond Legislation) in order to comply with Rating Agency requirements, in which case the Transaction Documents may provide for contractual collateralisation above that required by the Covered Bond Legislation.

- (a) *Bond Coverage Test*: The product of the Bond Percentage multiplied by the Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, must be less than the sum of:
 - (i) the Aggregate Adjusted Outstanding Principal Balance; plus
 - (ii) all interest accrued on the Adjusted Outstanding Principal Balance of Loans comprised in the Cover Pool; plus
 - (iii) the outstanding principal balance of the Complementary Assets in the Cover Pool and accrued interest thereon (in each case less any amounts which may be set-off) provided that such Complementary Assets must be rated at least the minimum rating stated in the relevant Final Terms.
- (b) *Basic Cover Nominal Value Test*: The Euro Equivalent of the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon, is not greater than:
 - (i) the Aggregate Adjusted Outstanding Principal Balance of all Loans in the Basic Cover; plus
 - (ii) all interest accrued on the Adjusted Outstanding Principal Balance of Loans comprised in the Basic Cover; plus
 - (iii) the outstanding principal balance of the Complementary Assets in the Basic Cover and accrued interest thereon (in each case less any amounts which may be set-off and provided that such amount of Complementary Assets may not exceed 15% of the Principal Amount Outstanding of all Covered Bonds); plus
 - (iv) the net present value of the Hedging Agreements (provided that this does not exceed 10 per cent. of the aggregate of the Principal Amount Outstanding of the Covered Bonds and accrued interest thereon) (together the "**Basic Cover Nominal Value**").

"**Basic Cover**" means the Basic Collateralisation required by s24 of the Cypriot Directive.

- (c) *Basic Cover Net Present Value Test*: The Euro Equivalent of 105% of the total net present value of the Issuer's liabilities to the Secured Creditors (any non-euro denominated liabilities to Secured Creditors (other than the Covered Bondholders) will be converted into euro on the basis

of the exchange rate published by the European Central Bank as at such date) is less than or equal to the total net present value of:

- (i) the Loans in the Basic Cover, assuming that each has an outstanding principal balance equal to its Outstanding Principal Balance minus any amounts which may be set-off by the relevant Borrower and that it bears interest on such amount; plus
- (ii) the Complementary Assets in the Basic Cover (less any amount which may be set-off and provided that such amount of Complementary Assets may not exceed 15% of the Principal Amount Outstanding of all Covered Bonds); plus
- (iii) the receipts from Hedging Agreements (provided that the total net present value of Hedging Agreements does not exceed 10 per cent. of the aggregate of the Principal Amount Outstanding of the Covered Bonds and accrued interest thereon) (together the **"Basic Cover Net Present Value"**),

under the following stress scenarios:

- (A) parallel interest rate changes of +200 or -200 basis points;
- (B) changes in interest rates from shifts in the yield curves on the basis of a 99% confidence interval and a holding period of 6 months, using as reference the daily changes in interest rates of the previous 365 calendar days;
- (C) exchange rate changes of the currency in which the relevant Series is denominated against:
 - (1) the Euro and other EU member state currencies, of 10%;
 - (2) the currencies of the USA, Canada, Japan, Switzerland and Australia, of 15%; and
 - (3) any other currencies, of 25%; and
- (D) changes in exchange rates on the basis of a 99% confidence interval and a holding period of 6 months, using as reference the daily changes in exchange rates of the previous 365 calendar days.

In case where the present value of currency obligations is higher/(lower) than the present value of the currency cover asset positions, then the above percentages shall be applied to increase/(decrease) the exchange rate.

- (d) *Interest Cover Test:* Interest receipts from Cover Pool Assets in the next 180 days must be reconciled with interest due on the Covered Bonds in the next 180 days and the Issuer must ensure that the Complementary Assets (in each case less any amounts which may be set-off) contained in the Basic Collateralisation and/or the Supervisory Overcollateralisation required by the Covered Bond Legislation, cover the highest net interest shortfall which may result (provided that for these purposes the limit on Complementary Assets in paragraph (b)(iii) above does not apply, and provided further that Complementary Assets which are claims against credit institutions do not at any time exceed 15% of the Principal Amount Outstanding of all Covered Bonds).
- (e) *Pre-Maturity Test:* The Issuer must maintain Complementary Assets (provided that for these purposes the limit on Complementary Assets in paragraph (b)(iii) above, does not apply and provided further that claims against credit institutions do not at any time exceed 15% of the Principal Amount Outstanding of all Covered Bonds) or "liquid assets" (as defined in the Central Bank of Cyprus directives for the purposes of prudential liquidity requirements, and which in the case of liquid assets may be kept outside the Cover Pool provided that they are earmarked exclusively for the repayment of the Covered Bonds and are not taken into consideration for the purposes of computing compliance with Central Bank of Cyprus directives on prudential liquidity), with a principal balance (in each case less any amounts which may be set-off) at least equal to:

- (i) for the period between 180 days to 30 days before the Final Maturity Date of any Series of Covered Bonds, 50% of the Principal Amount Outstanding of the Covered Bonds falling due on such due date; and
 - (ii) for the period between 30 days prior to the Final Maturity Date and the Final Maturity Date of any Series of Covered Bonds, 100% of the Principal Amount Outstanding of the Covered Bonds falling due on such due date.
- (f) *Weighted Average Life Test:* The weighted average life of the Cover Pool Assets (to the extent such Cover Pool Assets are included in the calculations of the Basic Cover Nominal Value Test set out in paragraph (b) above and the Supervisory Overcollateralisation test set out in paragraph (g) below) does not exceed the weighted average life of the Covered Bonds.
- (g) *Supervisory Overcollateralisation Test:* The Complementary Assets (provided that for these purposes the limit on Complementary Assets in paragraph (b)(iii) above, does not apply) in the Cover Pool in excess of those required to satisfy the Nominal Value Test, have a principal balance (in each case less any amounts which may be set-off) at least equal to 5% of the Principal Amount Outstanding of all Covered Bonds.
- (h) *Other tests:* The Statutory Tests may be supplemented or new tests added, and the definition of "Cover Pool Asset" may be amended by the Issuer from time to time without the consent of the Trustee as a consequence of, inter alia, including in the Cover Pool, Cover Pool Assets which have characteristics other than those pertaining to the Initial Assets and/or changes to the hedging policies or servicing and collection procedures of the Issuer provided that the Rating Agencies have been notified of such amendment, in each case so as to introduce more stringent requirements than those set out in the Covered Bond Legislation, in respect of any Cover Pool and related Series of Covered Bonds in order to satisfy Rating Agency criteria and for the purposes of obtaining or maintaining a rating on any Series of Covered Bonds. Notice of the intention to introduce any such supplemental or additional tests or amendment of the definition of "Cover Pool Asset" will be promptly given to the Trustee. Any such supplemental or additional tests or amendment of the definition of "Cover Pool Asset" will be documented by way of a supplemental deed to the Servicing Deed signed by the Issuer, the Servicer and the Trustee. The Trustee shall be bound to sign such supplemental deed upon receipt of a certificate signed by the Issuer confirming that such supplemental or additional tests or amendment of the definition of "Cover Pool Asset" are required in order to satisfy the rating criteria of the Rating Agencies and for the purpose of obtaining or maintaining a rating for any Series of Covered Bonds and the Trustee shall not be liable to the Covered Bondholders or the Secured Creditors for any consequence of so doing.
- (i) *Contractual Overcollateralisation:* The Issuer shall only be able to adjust the level of the Bond Percentage in order to adjust the level of Contractual Overcollateralisation in the following circumstances:
 - (i) for rated Covered Bonds, the Issuer may increase the level of Contractual Overcollateralisation, by increasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, in order to maintain the then current rating of such Covered Bonds;
 - (ii) the Issuer may increase the level of Contractual Overcollateralisation, by increasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, in order to obtain an upgrade of the rating of any Covered Bonds in the event that such higher rating is required for the Covered Bonds to become or remain eligible collateral for Eurosystem credit operations;
 - (iii) in cases other than those mentioned above, the Issuer may increase the level of Contractual Overcollateralisation, by increasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, in order to cause an upgrade of the rating of any Covered Bonds only with the competent authority's prior approval;

- (iv) for Covered Bonds rated by Fitch, the Issuer may only decrease the level of Contractual Overcollateralisation, by decreasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, to the extent that this would not result in a lowering of the original rating from Fitch of such Covered Bonds; and
- (v) for Covered Bonds rated by Moody's, the Issuer may only decrease the level of Contractual Overcollateralisation, by decreasing the Bond Percentage through amending the Final Terms of the outstanding Series of Covered Bonds, if this would cause the overcollateralisation to be at the level necessary to ensure that each Series of outstanding Covered Bonds rated by Moody's achieves and maintains the original rating assigned to such Series of Covered Bonds by Moody's on their relevant Issue Date using Moody's expected loss methodology as determined at such Issue Date.

For the purposes of calculating the Statutory Tests, the value of any non-euro denominated assets will be converted into euro on the basis of the exchange rate published by the European Central Bank as at such date.

In calculating whether the Statutory Tests are satisfied, the Servicer shall not take into account any amounts in relation to Defaulted Loan Assets or any Loan in respect of which the Eligibility Criteria are not satisfied or any amounts which are payable to the Republic of Cyprus in accordance with the Transfer and Mortgage Immovables Law 9/65 as amended.

The Issuer will immediately notify the Servicer and the Trustee if at any time there is a breach of any of the Statutory Tests and the details of such breach and will take immediate remedial action.

Dissolution Tests

Failure to meet any of the tests described above requires immediate cure by way of adding assets to the cover pool. If the issuer is subject to dissolution proceedings, the covered bond business administrator assumes control of the cover pool and removes any cover assets which do not count for the purpose of meeting the adequacy criteria. The covered bond business administrator shall perform, on a continuous basis, the following stress tests:

- Changes in interest rates
- Changes in exchange rates
- Changes in the quality of the primary assets, such as:
 - o increase in the percentage of loans in arrears
 - o greater loss due to the realisation and selling expenses of the security in case of default (e.g. greater period of sale, reduction in property values etc)
 - o increase in the percentage of loans settled before their maturity.
- Changes in the fair value of the cover pool at maturity date of the covered bonds that are collateralised by the cover pool.
- Changes in lending cost.
- Changes in various economic factors based on historical and hypothetical scenarios that would cause the present value of the inflows from the cover pool to be equal to the present value of the outflows to the covered bond holders.

DESCRIPTION OF THE ISSUER

1. Overview of Marfin Popular Bank Public Co Ltd and the Marfin Popular Bank Group

Marfin Popular Bank Public Co Ltd ("**MPB**", the "**Bank**" or "**Marfin Popular Bank**") is the parent company of the Group, incorporated and domiciled in Cyprus. MPB is a leading financial institution in Cyprus and as at 31 December 2010 ranked fifth in the Hellenic market by total assets. MPB has a market share of total (local and foreign currency) deposits and advances of 18.77 per cent. and 17.00 per cent., respectively, of the Cypriot commercial banking market (including co-operatives) as at 31 December 2010. At the same time the Group employed 8,979 persons. The registered office of MPB is located at 154 Limassol Avenue, 2025 Nicosia, Cyprus and the telephone number is +357 22 552000.

The Group is mainly based in Cyprus, where it maintains 115 branches, but it attaches great strategic importance to its international business expansion. Its international presence spans its subsidiary banks in Greece (180 branches), , Serbia (29 branches), Romania (27 branches), the Ukraine (58 branches), Estonia (4 branches), Malta (7 branches), Russia (27 branches), the United Kingdom (4 branches) and Guernsey (1 branch).

In 1992, MPB and a group of leading Greek and Cypriot businessmen established a subsidiary in Greece, Laiki Bank (Hellas) S.A. On June 30 2007 Egnatia Bank S.A., Marfin Bank S.A. and Laiki Bank (Hellas) S.A. merged (the "**Merger**") into the Greek subsidiary of the Group, Marfin Egnatia Bank S.A. On 23 December 2009 an Extraordinary General Meeting of the shareholders of the Bank approved the Cross-Border Merger through absorption of Marfin Egnatia Bank S.A. by the Bank, in accordance with the provisions of Directive 2005/56/EC of the European Parliament and the Council of 26 October 2005, as well as in accordance with Cypriot and Greek laws as defined by the Common Terms of the Cross-Border Merger dated 13 November 2009. Following the decision of the Nicosia District Court in accordance to articles 201(xvii) and 201(xix) of the (Cyprus) Companies Law, the Cross-Border Merger was completed on 31 March 2011 where, following the merger, the legal status of Marfin Egnatia Bank has changed to that of Greek branch of Marfin Popular Bank ("**MPB Greek Branch**").

In 1974, MPB established its first branch in the United Kingdom. It now has five branches in the United Kingdom, four in London and one in Birmingham. In April 2001, MPB set up a subsidiary in Australia called Laiki Bank (Australia) Ltd, which has been granted a full banking licence and now operates 10 branches targeting expatriate Cypriot and Greek communities in Australia. On 28 January 2011 the Bank announced its agreement with the Bank of Beirut s.a.l. concerning the sale of the 85% of Laiki Bank (Australia) Ltd. The Bank will remain as a minority shareholder in Laiki Bank (Australia) Ltd until at least February 2013. From that date onwards, the Bank will have the option to sell its remaining stake to the Bank of Beirut s.a.l. The disposal of Laiki Bank (Australia) Ltd was completed on 28 February 2011.

In 2005, MPB established a wholly-owned subsidiary in the Channel Islands, Laiki Bank (Guernsey) Limited. In January 2006, MPB acquired 90.43 per cent. of the share capital of Centrobanka a.d. in Serbia. Centrobanka a.d. has since been renamed Laiki Bank a.d and subsequently renamed Marfin Bank JSC Belgrade operates 28 branches. In 2007, MPB successfully acquired 50.12 per cent. and 99.2 per cent. of AS SBB Bank in Estonia and Marine Transport Bank in Ukraine respectively. The bank in Estonia was subsequently renamed Marfin Bank Eesti in May 2008. In February 2008, MPB completed the acquisition of a 43 per cent. stake in Lombard Bank Malta Plc, where it currently holds 48,8 per cent. of the Bank.

MPB also has a representative office in Russia, and on 3 September 2008 completed the acquisition of a controlling stake in the Russian commercial bank OOO Rossisysky Promishlenny Bank (Rosprombank), becoming the first bank in Greece and Cyprus to acquire a commercial bank in the Russian Federation. On 31 March 2011, the Bank announced the acquisition of the remaining 49.96% in Rosprombank, where completion of the transaction is expected to take place during the second half of 2011, subject to all regulatory approvals from relevant authorities in Cyprus and the Russian Federation.

In addition to traditional banking services, MPB offers hire purchase, leasing, shipping finance, investment banking, fund management, private banking, insurance and brokerage services.

MPB's shares are listed on the Cyprus Stock Exchange and the Athens Exchange. MPB believes to have adequate policies in place to ensure that control by the main shareholders is not abused.

1.1 Historical Background and Key Milestones in the Development of MPB

The Bank commenced its operations in 1901, upon establishment of the Popular Savings Bank of Limassol. The Savings Bank grew into a full Banking Institution and was registered as the first public company in 1924, with registration number 1, under the name Popular Bank of Limassol Ltd. In 1967, the Bank was renamed Cyprus Popular Bank Ltd, and has been rapidly expanding its business throughout Cyprus since 1969. On May 26 2004, it was renamed Cyprus Popular Bank Public Company Ltd., in accordance with the provisions of the Cyprus Company Law, Chap. 113. Finally, on October 31 2006, the Extraordinary General Shareholders' Meeting approved the change of the name of the Bank to Marfin Popular Bank Public Co Ltd.

Milestones:

1970

- Acquisition of a 20% stake of the Bank's share capital by the Hong Kong and Shanghai Banking Corporation (HSBC).

1974

- The Group launched its international expansion, with the establishment of its first branch in London.

1982

- Acquisition of the Cyprus operations of Grindlays Bank, the largest and longest-established international bank operating on the island and the third largest bank in Cyprus.

1992

- Expansion into Greece through the incorporation of an independent bank, the European Popular Bank (renamed Popular Bank of Greece S.A.), with an initial shareholding of 72%.

1995

- Launch of Cyprialife, a new Life Insurance Company.

1996

- Inauguration of the Group's new headquarters in Nicosia.
- Inauguration of the first Self-Service Branch in Cyprus.

1998

- The Bank is first to introduce Internet Banking services in Cyprus.

1999

- Establishment of Laiki Telebank, the first call centre in Cyprus.
- The acquisition of the Paneuropean Insurance Company group strengthened the Group's presence in the insurance market.

2000

- Launch of the first integrated electronic bank in Cyprus (Laiki eBank).

2001

- Establishment of Laiki Bank (Australia) Limited, a subsidiary in Australia .
- Launch of e-banking services in Greece.

2004

- Launch of E-banking services provision in the United Kingdom and Australia.

2005

- Incorporation and operation of Laiki Bank (Guernsey) Limited, a Guernsey bank.
- Acquisition of Centrobanka a.d., a Serbian bank, which was renamed Laiki Bank a.d. and, subsequently, Marfin Bank JSC Belgrade.

2006

- Merger with the Greek financial groups Marfin Investment Group Holdings S.A. (MIG) (formerly, Marfin Financial Group) and Egnatia Bank S.A., and a decision to acquire 100% of the share capital of Laiki Bank (Hellas) S.A..
- The Bank is renamed Marfin Popular Bank Public Co Ltd (MPB).

2007

- Purchase agreement signed to acquire a 99.21% stake in the share capital of the Ukrainian Marine Transport Bank (MTB) and three associated companies in the financial leasing sector.
- Agreement to acquire about 43% of the share capital of Lombard Bank Malta Plc (LBM), the third largest bank in Malta.

2008

- Acquisition of a 50.04% stake in the share capital of OAO RPB-Holding, which owns the Russian bank OOO Rossiysky Promyishlenny Bank (Rosprombank) and its subsidiary, OOO RPB-Leasing.
- Acquisition of a 50.12% stake in the share capital of AS SBM Pank (renamed Marfin Pank Eesti AS), an Estonian bank operating 4 branches.
- Completion of the restructuring process and merger of Cyprus Laiki Bank (Financial Services) Ltd with the Bank.
- Long-term collaboration agreement signed with CNP Assurances with a purpose to develop insurance operations through the banking networks of the Bank in Greece and Cyprus.
- Increase in the Bank's stake in the share capital of Estonian Bank Marfin Pank Eesti AS (formerly, AS SBM PANK) to 53%.

2009

- Completion of merger of Laiki Investments (Financial Services) Public Company Ltd with CLR Capital Public Ltd, creating the largest investment services group in Cyprus.
- Trade name change of Laiki Investments (Financial Services) Public Company Ltd to Marfin CLR Public Co Ltd.
- The Boards of the Bank and its subsidiary 'Marfin Egnatia Bank S.A.' approved to commence the procedures for the merger of the two banks.

2010

- "The Banker," a prestigious Financial Times international journal, conferred the BANK OF THE YEAR 2010 award for Cyprus to Marfin Laiki Bank.

- According to Articles 201(xvii) and 201(xix) of (Cyprus) Companies Law, the joint request of the Bank and Marfin Egnatia Bank SA regarding the approval of the completion of the merger was examined by the District Court of Nicosia which issued a decision setting 31.03.2011 as the date of effect of the merger.

2011

- The Bank completes the sale of its 85% stake in Laiki Bank (Australia) Ltd to the Bank of Beirut s.a.l. resulting in a capital gain of c€53m and 30 bps positive impact on the capital position of the Bank.
- EUR 488.2 million rights issue is successfully placed with investors increasing the Tier 1 Capital Ratio of the Bank to 12%.
- Acquisition of the remaining 49.96% in Rosprombank is announced pending the required regulatory approvals, with the completion of the transaction expected during the second half of 2011.
- The merger between Marfin Egnatia Bank and Marfin Popular Bank completes on 31 March 2010, where, following this merger, Marfin Egnatia Bank continues as the Greek branch of Marfin Popular Bank Public Co Ltd.

1.2 Summary Financial Information

In 2010 the Group delivered another year of resilient operating performance, despite exceptionally adverse economic conditions. The 12% annual net interest income growth, which drove the Group's core income 5% higher, underlines the Group's expanding balance sheet and effective re-pricing. For the year 2010, Group loans and deposits grew by 6% and 7% respectively, significantly outpacing the respective Hellenic system growth rates and further improving the Group's loan to deposit ratio by 100 basis points to 104%. Furthermore, revenue expansion was combined with tight cost control and stabilising asset quality trends. NPL formation for the year declined by 21%, while the cost of credit remained stable at 100 basis points with provision coverage at a comfortable 51% level. The following table shows a summary of the Group's financial results and balance sheet figures for the full year ended 31 December 2010 and 2009. These figures are taken from the financial report published for the full year 2010.

	As at and for the period ended 31 December		
	2008	2009	2010
	<i>(in thousands of €)</i>		
Profit before tax	367,175	217,797	114,674
Advances to customers	23,427,226	25,082,163	26,417,333
Customer deposits	24,828,269	23,885,776	25,508,361
Total equity	3,569,576	3,759,243	3,641,374
Total assets	38,367,152	41,828,363	42,580,486

Source: Financial statements for the period ended 31 December 2010

2. Strategy

Financial Targets and Prospects

The main characteristic of the financial sector as well as of the broader field of financial activities is the continued credit and financial global crisis. As a result, the economic environment remains extremely unstable and difficult to predict.

In the framework of the current economic sentiment, which, as aforementioned, is considered to be highly unstable and difficult to predict, MPB Group's primary aim is to preserve its capital strength and high liquidity, in order to serve in the best possible way the interests of its shareholders and customers. Meanwhile, the Group aims to strengthen its organic development and gradually adjust to the forthcoming regulations regarding the increased capital requirements of Basel III. Despite the adverse financial environment, the Group managed to preserve its advantages during 2010, such as its robust capital position and adequate level of liquidity, necessary to face future challenges.

MPB Group's management believes that the ongoing strategy of maintaining a high level of capital adequacy and liquidity, as well the limited exposure to turbulent markets, will ensure that MPB will remain a powerful private financial group.

Group Strategy

- **Consolidate and expand its banking franchise in Cyprus**

The Bank holds a well-established and secure position in the highly concentrated and profitable Cypriot market. It is therefore well positioned to capture a significant share of the increased banking business associated with continued strong economic growth in Cyprus. Management sees particularly attractive opportunities in the areas of mainstream residential lending, infrastructure projects and premium property development.

- **Expanding its international banking business**

Like the Bank's other operations in Cyprus, its growing international banking business enjoys a strong market position. Demand for international banking services has been expanding on the back of the ongoing integration of key Global Emerging Markets to the global economy, over the last few years. MPB has invested heavily in both human capital and infrastructure in order to accommodate significant volume growth. In view of the Group's strong positioning as well as the market's size and profitability potential, it is the management's intention to continue to invest heavily in this line of business. As this business requires only a minimal physical presence to operate, the level of capital investment required is modest, enhancing potential returns.

- **Leverage existing IBB customer base to expand higher value-added business lines**

MPB's Cyprus-based international banking business in Cyprus and its shipping franchise in Greece give the Group direct and ongoing access to an expanding and highly attractive customer base. The Bank expects that there is significant potential to leverage this customer base to achieve profitable growth in higher value-added business lines. The Group intends to develop a comprehensive service offering aimed at such customers, including wealth and asset management, extension of credit, as well as capital market products. It is management's view that the combination of such a comprehensive product offering in association with selective local presence should enable the Bank to maximize client penetration and profitability.

- **Selectively pursue growth in international operations**

The Group has established a solid platform for future development in a number of countries that management believes offer attractive growth opportunities. Serbia has not experienced an economic downturn as significant as the remaining SEE countries following the global financial crises and opportunities arise on the back of Serbia's increasingly pro-EU deliberations regarding its eventual membership. Ukraine, having surpassed a period of political turbulence, has begun experiencing solid signs of recovery with the assistance of an IMF-sponsored programme and mainly based on its exporters. The latter could in turn affect positively consumer confidence and spending. The Bank is looking to leverage these positive developments in these markets by focusing on niche banking products for its retail and SME clients; it is also aiming at maximising synergies amongst the Group's lines of business in order to offer comprehensive and complementary products and services to its local corporate clients. Romania will in time afford similar opportunities, although management expects that it will be some time before such opportunities materialise.

- **Enhance operational efficiency**

The Bank was formed through a combination of organic expansion and acquisitions. Despite significant progress made so far with regards to recently acquired entities, management believes that significant opportunities still remain to further streamline the Group's operations, thus enhancing efficiency and reducing operating costs. Over the last two years the bank has made significant progress towards a structure along global functions. That process has gone in parallel with significant investments in Risk Management with a view to fully adapt to an enterprise risk-based approach. That process towards an improved organisational structure, enhanced integration, and more effective Risk Management framework is reinforced by the recent Marfin Popular Bank- Marfin Egnatia Bank merger.

- **Strengthen its capital base to allow its continued strategic development**

Although the Bank enjoyed a strong capital position, regulatory capital requirements anticipated by the management as a result, amongst others, of the forthcoming Basel III regulations will increase, perhaps substantially, in the near future. In this light, on 16 February 2011, the Group has successfully completed a EUR 488,168,000 rights issue in order to ensure that it can meet such future capital requirements.

3. **Marfin Popular Bank Group Structure**

The main subsidiary companies of the Group, as at 31 December 2010, were as follows:

Company name	Effective shareholding (%) ⁽¹⁾	Country of incorporation
Investment Bank of Greece S.A.	96	Greece
Marfin Global Asset Management Mutual Funds Management S.A.....	99	Greece
Marfin CLR Public Co Ltd.....	63	Cyprus
Laiki Bank (Australia) Ltd ⁽²⁾	100	Australia
Marfin Bank JSC Belgrade.....	99	Serbia
Marfin Bank (Romania) S.A.....	99	Romania
Public Joint-Stock Company Marfin Bank.....	100	Ukraine
Rossiysky Promyshlenny Bank Company Ltd ⁽³⁾	50	Russia
Marfin Pank Eesti AS.....	63	Estonia
Lombard Bank Malta Plc.....	48.9	Malta
Laiki Bank (Guernsey) Ltd.....	100	Guernsey
Marfin Leasing S.A.....	100	Greece
Marfin Factors & Forfaiters AEPEA.....	100	Greece
Laiki Factors Ltd.....	100	Cyprus
Closed Joint-Stock Company RPB Holding.....	50	Russia
Pan-European Insurance Company Ltd.....	100	Cyprus
Philiki Insurance Company Ltd.....	100	Cyprus
Cyprialife Ltd.....	100	Cyprus
IBG Investments S.A.	96	British Virgin Islands
Marfin Capital Partners Ltd.....	70	United Kingdom

Notes: ⁽¹⁾ The effective shareholding includes the direct holding of Marfin Popular Bank Public Co Ltd and the indirect holding through its subsidiary companies.

⁽²⁾ On 28 February 2011, the Bank announced completion of the sale of 85% stake in its Australian operations to Bank of Beirut s.a.l.

⁽³⁾ On 31 March 2011, the Bank announced acquisition of the remaining stake Rossiysky Promyshlenny Bank subject to the relevant regulatory approvals.

4. **Management of Marfin Popular Bank S.A.**

The Board of Directors meets at regular intervals to formulate, discuss and approve the Group's strategy and results and to examine matters of business policy and other issues that require Board approval.

Each subsidiary company has its own Board of Directors (usually comprising members of the Board of Directors or Executive Directors of MPB), which is the highest authority of that company, except for matters that relate to Group policy, which are referred to the main Board of Directors of MPB.

Board Members Efthimios Bouloutas (Group Chief Executive Officer), Panayiotis Kounnis (Deputy Chief Executive Officer - Cyprus), Christos Stylianides (Deputy Chief Executive Officer - Group International Operations) and Eleftherios Hiliadakis (Executive Member) are charged with executive authority.

The Group's most important Group Committees are the following:

- Group Executive Committee
- Group Risk Management Committee
- Group Asset and Liability Committee (ALCO) Committee

- Product & Pricing Committee
- Loans Committee
- Audit Committee
- Remuneration Committee

Board of Directors of MPB

The business address of each director of MPB is 154 Limassol Avenue, 2025 Nicosia. As of 31 December 2010, the Board of Directors of Marfin Popular Bank Public Co Ltd was as follows:

Andreas Vgenopoulos – Chairman, Non-Independent Non-Executive Member

Mr. Vgenopoulos studied Law at the University of Athens Law School. He is a qualified lawyer and founder of the Vgenopoulos and Partners (V&P) Law firm. He served as human resources manager in Thenamaris Shipping, chairman of Maritime and Financial Investments S.A. and vice chairman of the Investment Bank of Greece. He is currently serving as Executive Chairman of Marfin Investment Group and Vice Chairman of the Ygeia Medical Center, and the Vivartia and Attica Groups. In November 2006, he was appointed Chief Executive Officer and in February 2007 Executive Vice Chairman of Marfin Popular Bank.

Neoclis Lysandrou – Vice Chairman, Non-Independent Non-Executive Member

Mr. Lysandrou studied Business Administration at the University of Bristol where he also obtained a postgraduate diploma. He completed further studies in corporate finance and management at Manchester Business School and London Business School. Within the Marfin Laiki Group he managed the correspondent banking, treasury, lending and credit risk management departments. He set up the corporate and institutional department and served as its first Manager. In 1996 he was appointed general manager of banking services in Cyprus. From 1999 until 2003 he served as general manager for banking services in Cyprus. From 2003 he managed several departments within the group until 2006 when he was appointed to the Board of Directors. He served as Non-Executive Chairman of the Board from July 2006 to February 2007 and as Non-Executive Vice Chairman from February 2007 to May 2009 when he was re-appointed as Non-Executive Chairman.

Vassilios Theocharakis - Vice Chairman, Non-Independent Non-Executive Member

Mr. Theocharakis is a graduate of the Law Faculty of Athens University. Since 1980, he has been the President and Managing Director of the Theocharakis Group of Companies. Under his leadership and management, the Group has grown and expanded rapidly while several new companies were established. He has participated in several Government Committees and is a member of the Industrial & Commercial as well as of the Fine Arts Chamber. He is Chairman of Marfin Egnatia Bank S.A.

Efthimios Bouloutas – Group Chief Executive Officer, Executive Member

Mr. Bouloutas holds a Civil Engineering Diploma from National Technical University of Athens, a MSc in Civil Engineering from Stanford University and a Ph.D degree in Computational Fluid Mechanics from MIT. He also conducted post doctorate studies in Princeton University. He worked as a consultant with Epsilon Ltd and Athens Tech Center. He set up Ionian Mutual Funds where he worked for 8 years as Managing Director. He was also member of the Board at Ionian Mutual Funds at Alpha Mutual Funds. Since 2000 he worked at EFG Eurobank Ergasias holding various positions the latest being General Manager, member of the Executive Committee and Chief Executive Officer at Eurobank Asset Management. He also was member of the board at EFG Private Bank Luxembourg. In 2006 he was appointed Chief Executive Officer of Marfin Bank and member of the Board of Directors of Marfin Financial Group. In November 2006 he was appointed Managing Director for Laiki Bank (Hellas) S.A and in July 2007 Managing Director of Marfin Egnatia Bank. He joined the Marfin Popular Bank Board in July 2007 as Deputy Chief Executive – Greece and in February 2007 he was appointed Group Chief Executive Officer.

Panayiotis Kounnis – Deputy Chief Executive Officer, Executive Member

Mr. Kounnis holds a university degree in Business Administration & Accounting and a post-graduate Masters Degree in Management. In addition, he is a Fellow of the Chartered Association of Certified Accountants. He joined Laiki Group (now Marfin Popular) in 1980. After working in several managerial positions in Cyprus, he was seconded in 2001 to the United Kingdom and was appointed General Manager of the country operations. Upon his return to Cyprus in 2003, he was upgraded to General Manager of Domestic Banking. He also served as Chairman of the Board of Directors of the subsidiary company Laiki Finance Ltd. Following the Merger of Laiki – Marfin – Egnatia Groups in December 2006, he was appointed Executive Director of Group Commercial Business and a member of the Cyprus Executive Committee. In July 2007 he joined the Board as Deputy Chief Executive Officer – Cyprus and appointed Member of the Group Executive Committee. In January 2009 he was also appointed Chairman of Marfin CLR Public Co. Ltd.

Christos Stylianides – Deputy Chief Executive Officer, Executive Member

Mr. Stylianides obtained a B.Sc. (Econs) degree from the London School of Economics. He worked for the accounting firm Moore Stephens where he qualified as a Chartered Accountant and progressed to the position of Audit Manager. He also worked in the hotel sector in London. He joined the Bank in 1989 and following a short training period in Cyprus was appointed Manager of the main branch of the UK operations. In 1983 he returned to Cyprus and served as Manager Customer Financial Services. In 1984 he was transferred to Laiki Hellas as Manager Financial Control and in 1996 was appointed Deputy General Manager and Member of its Board. In 2000 he was appointed General Manager. On his return to Cyprus in 2002 he was appointed Divisional Director-Domestic Banking and in 2003 Divisional Director - Financial and Information Services. In 2004 he was promoted to the position of General Manager. He joined the Board in July 2006. In November 2006 he was appointed Deputy Chief Executive Officer – Cyprus and in July 2007 Deputy Chief Executive Officer – Group International Operations.

Eleftherios Hiliadakis - Executive Member

Mr. Hiliadakis studied Economics at the University of Montreal and he holds an MSc in Economics from the University of York in Toronto. He served in management positions in Chase Manhattan and during the period of 1983-2003 as General Manager of HSBC Bank in Greece. He served as Chief Executive Officer and Member of the Board of Marfin Bank and Egnatia Bank. He is now a Member of the Group Executive Committee of Marfin Popular Bank.

Platon E. Lanitis - Non-Independent Non-Executive Member

Mr. Lanitis studied Economics at Reading University. He is Executive Chairman of the Lanitis Group of companies since 1992. He is Chairman of the Board of Amathus Public Ltd and Cybarco Ltd and is a Member of the Board of several other companies. He is the honorary consul of the Netherlands in Cyprus.

Stelios Stylianou - Non-Independent Non-Executive Member

Mr. Stylianou is a graduate of marine engineering and a fellow of the Chartered Institute of Bankers, London. He worked for 6 years in the maritime and industry sectors before joining the Group in 1988. He worked as a credit officer and branch manager until 2000 when he was seconded to the Union of Banking employees in Cyprus. He is a member of its governing board and chairman of the Union's Medical Fund, a member of the Employee's Provident Fund Committee and alternate member of the Executive Committee of Trade Union UNI - EUROPA.

Fadel Al Ali - Non Independent Non Executive Member (appointed on 25 May 2010)

Mr Al Ali holds a B.Sc. Degree in Industrial and System Engineering from the University of Southern California and also holds a Certificate of Finance from the American University of Sharjah. Since 1989, he worked in several managerial positions at Citibank, where he was appointed Retail Banking Manager in 2001 and Branch Network Manager for the United Arab Emirates in 2004. Since 2004, he has worked at Dubai Holding, first as Chief Financial Officer and, since 2007, as Executive Chairman of Operations. He currently serves as Chairman of Dubai Bank, Vice Chairman of Dubai First and member of the Executive Committee of Dubai Holding.

Albdulrazaq Al Jassim - Non Independent Non Executive Member (appointed on 25 May 2010)

Mr Al Jassim holds a B.Sc. Degree in Electrical Engineering from Northrop University, California, and is a member of the Institute of Electrical and Electronic Engineers (IEEE). Since 1988 he worked in managerial positions at the Dubai Municipality, Citibank United Arab Emirates, First Gulf Bank and Emaar Properties. Since 2007, he has worked at Dubai Group, first as Chief Executive Officer of the Dubai Insurance Group and, since 2009, as Chief Operating Officer.

Constantinos Mylonas - Independent Non-Executive Member

Mr. Mylonas is a fellow of the Chartered Institute of Bankers, London. He worked for the National Bank of Greece until 1969 when he joined the Laiki Group and worked as the Manager of banking services for a number of years. He retired in 1991 while holding the position of General Manager. Subsequently and until 2004 he served as consultant and member of the Boards of Laiki Hellas and the Group's insurance subsidiaries. He is a business consultant and member of the Board of Directors for a number of companies. He served in the Board of Directors of the Cyprus Broadcasting Corporation (1980-1988) and the Cyprus Tourism Organisation (1988-1992).

Markos Foros - Independent Non-Executive Member

Mr. Foros studied Economics at London School of Economics and holds an MBA from the Harvard Graduate School of Business Administration in Boston. He worked for the First National Bank of Chicago, the Chandris group, and he served as the Managing Director of Celebrity Cruises Inc. He is now Managing Director of Chandris Hellas. He is a member of the Board of Directors of the Maritime Chamber of Greece.

Hesham Al Qassim - Independent Non-Executive Member

Mr Al Qassim holds a Diploma in Banking and Finance from the Higher College of Technology, Dubai, as well as a Master's Degree in International Business from the University of Wollongong, Dubai. He has also attended the Mohammed Bin Rashid Programme for Leadership Development. From 1994 to 2007, he worked in several managerial positions and the National Bank of Dubai. Since 2007, he serves as Managing Director of the Dubai Real Estate Corporation, a company that owns and manages substantial real estate properties in Dubai.

Conflicts of Interest

There are no potential conflicts of interest between the duties to MPB of each of the persons listed above under "Board of Directors of MPB" and their private interests or other duties.

5. Review of Business Operations

5.1 Main Operations

The banking and financial services sector operates within a dynamic and constantly changing environment, which continuously poses new challenges and requirements. Factors contributing to the establishment of these conditions are the intensification of competition, the internationalisation and deregulation of the wide spectrum of financial operations, the free movement of capital and human resources, improvements in technology, more stringent regulatory requirements and increased operating and compliance expenses, trans-border sales/trading in products and services, the need to post higher financial results, the decreasing importance of geographical distance, the large number of complex products and services, as well as the greater options available to and higher expectations of customers. As a result, the Group's business operations are supported by a number of internal divisions and departments, with the aim being to achieve the highest possible productivity and efficiency in an array of areas, such as risk management, strategy formulation, the launch of new products and services, foreign exchange and treasury trading, internal audit, internal systems and procedures, as well as regulatory compliance.

Special emphasis is placed on technology and IT, with a dedicated department entrusted with developing the Group's technological infrastructure and computer systems, as well as with administering its existing systems. The Group's technological development is inextricably linked

with the broader strategy and business operations of the Group and, more specifically, with the development of new products and services, the development of alternative service channels, the increase in productivity, the centralisation and automation of procedures and the improvement of operational risk management. In the same framework, special emphasis is placed on human resources, which are considered the most valuable asset for ensuring the success of the Group. In light of the above, the Group applies innovative procedures and practices in hiring, assessment, performance management, career development and reward of its staff.

Today, the Group's operations, both in Cyprus as well as in Greece, encompass the full spectrum of banking and financial services and products. Its main operating segments are retail banking, bank cards, electronic banking, business and corporate banking services, international banking services, private banking, financing and leasing, factoring, shipping services, insurance services in the general insurance and life insurance sectors, investment banking, asset management, treasury management, as well as stock broking and capital management.

Overall, the Group's business operations outside of Greece and Cyprus are readjusted to reflect the prevailing conditions and targets. In the United Kingdom, where its services are predominantly used by Greek and Cypriot ex-pats, the main services are private banking, asset management and electronic banking, with the aim being to further strengthen its operations by penetrating other national and professional groups. In Malta, operations primarily involve international corporate banking services, while the full spectrum of banking services is offered in the other countries where the Group operates.

The main services and products offered by the Group are outlined below.

Retail Banking Services

Retail banking has the primary objective of fulfilling the financial needs of private customers. It offers clients a comprehensive range of banking products, such as deposits, current accounts, personal, student, consumer and housing loans, as well as investment and banking-insurance products, predominantly through the Group's branch network and the alternative distribution channels of Laiki eBank, or by referring customers to specialised departments of the Group. In Cyprus, the Retail Banking Division coordinates and provides full support to the banking units, with the aim of improving the standard of service provision offered to clients, and introduces new products and services in areas such as student loans, marriage loans, holiday loans and housing loans. The branch network is supported by centralised systems and processes and by an extensive ATM network. The Group operates in Greece through MPB Greek Branch, which also has a centralised internal structure in the sector of retail banking, aiming to effectively utilise the important opportunities emerging in Greek market.

Business Banking

This unit primarily concerns small and medium sized businesses, which are offered a comprehensive range of services that include bank accounts, loans for setting up and expanding a business, current accounts, import/export facilitations and foreign exchange. In Cyprus, these services are mainly offered through Business Banking Units, which report to the Business Banking Division. In Greece, loans to businesses are centrally administered, while products and services are offered to clients through the network of branches in Greece.

Corporate Banking

The Group offers a comprehensive spectrum of specially tailored and innovative services to its corporate clients. The primary aim of the Corporate Banking Division is fostering close relations with its corporate clients, public companies and organisations of the public sector and offering integrated solutions encompassing the full spectrum of the Group's products and services in cooperation with the other companies of the Group.

These services include a range of bank accounts, such as business loans, current accounts, import/export facilitations, letters of guarantee and secured loans, project financing, foreign exchange and portfolio instruments, as well as the administration / participation in joint venture loans.

In Cyprus, operations have been restructured and centrally organised into a single department based in Nicosia, which reports to the Corporate Banking Division. The ultimate purpose of this restructuring is to

achieve greater flexibility, efficiency and specialisation in view of fulfilling customer needs, while also emphasising relationship banking, placing greater value in and providing enhanced support to customers.

In Greece, the Corporate Banking Division offers integrated banking services and products covering financing needs of corporations in light of their financial strategy, as well as offering the option of providing additional supplementary products and services. More specifically, it offers products and services in the areas of corporate banking, risk management, loan capital facilitations and, in cooperation with the Investment Banking Division of the Group, it offers creative, innovative and specially-tailored solutions in the areas of advisory services and capital markets.

Shipping Services

In Greece, the Group maintains significant presence in the shipping sector, in which it operates with marked success. The Shipping Division of MPB Greek Branch offers effective, competitive and reliable services to companies in the shipping sector. Most specifically, it offers loans for the purchase/repair of ocean-going marine vessels, loans for the purchase of leisure yachts, working capital, letters of guarantee, deposit accounts (sight, current and term) in all principal currencies at highly competitive interest rates, as well as supplementary services including FX sales at competitive exchange rates, domestic/international money transfers and currency trading.

The Shipping Services of Marfin Egnatia Bank received the 'Best Shipping Finance Team, Greece' award from Finance Shipping Awards (2009).

The Shipping Division has tailored its services, aiming to cover all needs of businesses and private individuals actively involved in shipping.

Private Banking

The private banking division provides customised banking and investment services, both to private customers as well as to institutional investors of the Bank, Cypriot and foreign nationals looking to invest or diversify investment of their capital, offering quality integrated asset management solutions and emphasising principles of personal service, confidentiality and professionalism.

This service is available in Cyprus, Greece and the United Kingdom. The Bank offers a comprehensive range of alternative investments and financial products, depending on clients' investment profiles, in conjunction with investment solutions offered by international investment firms and reliable stock broking companies worldwide. Concurrently, in cooperation with the Treasury Division, private banking offers customers tailored investment products.

The Private Banking Division of the Group received the Best Private Banking Service in Cyprus award in 2006 and 2007 from the international financial magazine 'Euromoney', as well as the Best Private Banking Service for business owners in Cyprus and for employees in Greece in 2007.

International Banking Services

The specialised International Business Units offer a wide range of products and services to foreign customers and multinational businesses. To that end, the Group has developed relations with numerous financial organisations in other countries, through the Foreign Bank Relations Division. Clients are also offered advice on procedural matters, such as company registration, as well as services / products through other departments and divisions of the Group, such as the Private Banking and Treasury Divisions. This Division operates in an international environment with a very positive growth outlook.

The recent acquisition of an interest in the share capital of Lombard Bank Malta Plc forms part of Marfin Popular Bank's strategy of expanding its business into the provision of high-quality banking services to international corporations given that in the last few years, Malta has evolved into an investment hub for international corporations.

Treasury Division

The Treasury and Capital Markets division is entrusted with the asset and liability management of the Bank, as well as development and distribution of investment and risk management products among its

institutional clients. The division serves as an access point for the Bank to the global financial market through its interbank activities.

Some of the key activities of the division include:

- foreign exchange trading
- government bonds trading
- interbank deposits trading
- fixed income trading and investments
- commodities and carbon trading and hedging
- structured and derivative products sales

The Group's Treasury is active across a broad spectrum of capital market products, including bonds, interbank placements in the international money and forex markets, and commodities. It supplies the branch network with value added deposit products, while its own client base includes institutions, large corporations, insurance funds and big private sector investors. In general, the Bank and its subsidiaries enter into derivatives transactions for economic hedging purposes or in response to specific customer requests. The Bank also trades actively on a proprietary basis, primarily in Euro-denominated fixed income securities and, to a lesser extent, in the spot foreign exchange market. In recent years, the Bank's treasury related activities have represented a significant source of revenues for the Bank.

In 2008, Treasury has established a Wholesale Funding Desk dedicated to expanding the funding capacity of the Bank. The Wholesale Funding Desk is responsible for the structuring and execution of all wholesale borrowing transactions of the Group including senior and subordinated bonds issuance, bank loans, covered bonds and securitisations.

Laiki eBank

Laiki eBank is the first fully operational electronic bank in Cyprus offering electronic banking services. Clients can carry out various transactions from home or the office on a secure basis, 24/7, through Laiki eBank's call centre, online or through a mobile phone (WAP-enabled). The SMS Banking service and the innovative Laiki Global eTrading service for equity trading on international stock markets were made available in 2005. Laiki eBank offers its services in Cyprus and Greece as of 2000 and 2001 respectively, as well as in the United Kingdom since 2004.

Some of the specialised products and services offered by Laiki eBank are the eChecking and eSavings accounts, the eLoan personal loans, the Laiki eCard cards, stock exchange transactions in Cyprus and Greece through the Laiki eTrading platform, the Laiki eBank Alerts text messaging service as well as foreign exchange trading through the eFX Trading service. As well as the above, it also offers the eBanking for Business service to companies.

In 2010, "**Global Finance**" magazine ranked Marfin Laiki eBank "Best Investment Bank in Cyprus in 2010".

Cards

The Bank issues and offers a wide range of cards, which fully cover the needs of both private individuals as well as companies. The Bank issues VISA and Mastercard credit and debit cards. The cards are available in classic, gold and platinum, offering the possibility to perform various transactions through the ATM network. Moreover, specialised cards are issued targeting specific customer groups, such as: Laiki Business Card, Laiki eCard, Laiki Electron, Laiki Connect, What's Up 18- and What's Up 18+, Laiki Prepaid and Laiki Card & Fly.

MPB Greek Branch issues VISA credit and debit cards, in the ranges Marfin Cash & Buy, Marfin Blue, Marfin Gold, Marfin E-Shop.Gr and the specialised AEL Visa card. The ATM network in Greece has expanded beyond the branches, further enhancing the accessibility of the Bank to the public.

The Visa Classic and Visa Gold, as well as the Autobank Card are offered in the United Kingdom. It is also noted that the Bank is a shareholder by 30% in JCC Payments Systems Limited company, which was jointly founded in 1989 with other commercial banks operating in Cyprus and offers card management services in Cyprus. The company was founded with the objective to provide uniform credit approval limits on cards and jointly process transactions.

Factoring Services

In Cyprus, the Group offers factoring services, through Laiki Factors Limited.

Laiki Factors Limited offers working capital financing, primarily through the advance payment of trade debts, as well as lines of credit. Laiki Factors Limited also offers specialised sales ledger administration and collection agency services, as well as advisory services on issues pertaining to company financing. In view of offering the above services, Laiki Factors Limited has created an array of service packages, such as factoring with or without recourse, advance payment of invoices, imports or exports factoring and credit confirming.

The Group has been active in the provision of trade receivables factoring services in Greece since 1998, through its subsidiary, Laiki Factoring S.A. These services are now offered by Marfin Factors & Forfeiteurs AEPEA, a dedicated Group subsidiary in Greece. The services offered have been adapted to the requirements of the Greek market, covering the following areas:

- domestic factoring, with or without the right of recourse, addressed to companies operating in Greece;
- advance payment of invoices of a confidential nature or otherwise, addressed to customers who wish to retain their own collection mechanisms;
- exports or imports factoring, addressed to businesses transacting with foreign companies.

Factoring services are also offered in the United Kingdom.

Financing / Leasing Services

The Group offers a wide range of specialised products in the financing and leasing sector, which cover, amongst others, acquisitions of vehicles, furniture, industrial equipment and equipment for medical practices/clinics, laboratories, residences and offices, including electronic systems.

Financing services in Cyprus were offered through the Group subsidiary, Cyprus Popular Bank (Finance) Ltd. On 21 March 2008, the Bank announced that in the context of restructuring the Group's Credit Directorates, the Laiki Cyprus Bank (Finance) Ltd had merged with the Bank, following which a dedicated Division within the Bank would provide the relevant services. The restructuring and merger were approved by the Bank and Laiki Cyprus Bank (Financing) Ltd during the General creditors' meeting of Laiki Cyprus Bank (Financing) Ltd, as well as by the court in accordance with Cyprus Law.

The Group activity in the financing sector has been very successful to date, with the Group achieving market shares in this business exceeding the respective market shares of loans and deposits, both in Cyprus as well as in Greece.

In Greece, leasing services are now offered by Marfin Leasing, which is a subsidiary company of the Group. The services offered in Greece in this sector cover a broad spectrum of specialised operations, including both movable equipment (machinery, cars, medical equipment etc.) as well as real estate, with this particular business displaying significant growth in the overall Greek market during recent years.

Insurance Services

The Group is active both in the general insurance sector, as well as in the life insurance sector.

In the general insurance sector, the Group offers a broad spectrum of insurance services in Cyprus, through Laiki Insurance Limited, such as insurance against fire, theft, civil liability, transport (by sea, air and land), for vehicles, accidents of any nature, loss of proceeds from fire etc, while it promotes new

products and services on an ongoing basis, such as the '24-hour co-driver' service, in cooperation with the Automobile Association.

In the life insurance sector in Cyprus, Laiki Cyprialife Limited offers a broad spectrum of insurance products addressed to private individuals and professionals, as well as other banking and insurance products. Laiki Cyprialife Limited also operates in the pension products sector, which is a sector anticipated to post significant mid-term growth, while it has also drawn up plans for personal and group medical coverage in cooperation with international company International Health Insurance Danmark A/S.

In Greece, the Group has been operating in the insurance sector since 2002, through Laiki Life S.A. for life insurance and through Laiki Brokers (Insurance & Consultancy Services) Ltd for general reinsurance operations. MPB Greek Branch continues to offer a wide range of banking and insurance products, addressed both to private customers as well as businesses, through the entire branch network in Greece. Moreover, through its Marfin Life subsidiary, the Group offers group insurance plans for company employees, as well as innovative savings and pension plans.

On 22 July 2008, CNP Assurances and the Bank signed an agreement of long-lasting cooperation with the purpose of growing the insurance business through the Bank's network in Greece and Cyprus. The said agreement in the insurance sector in Greece and Cyprus is expected to expand to other countries in the future, following the expansion of the Bank in South and Eastern Europe.

Stock Broking and Asset Management Services

The Group offers tailor-made stock broking services in Cyprus and Greece, in the sectors of stock exchange transactions, investment banking and capital management.

In Cyprus, these services are offered through Marfin CLR (Financial Services) Ltd ("**MCLRFS**"), which is a 100%-owned subsidiary of Marfin CLR Public Co Ltd ("**MCLR**").

MCLRFS is a market leader in Cyprus in its sectors of operation. In regard to brokerage services, for the period ended 30 November 2010, MCLRFS ranked first on the CSE in the value of transactions, with a market share of 23.74% , not including pre-agreed transactions. Transactions are also conducted on the ATHEX and international stock exchanges through MCLRFS. During the same period, MCLRFS held a 1.12% share of the cumulative value of transactions on the ATHEX in securities and bonds, in its capacity as distance-member of the ATHEX.

It is worth noting that MPB clients have the option of performing transactions on the Cyprus Stock Exchange and the Athens Exchange online, through the Laiki eTrading service while, as of December 2005, they also have the option of conducting share sale-purchase transactions on major international stock exchanges at competitive rates through the innovative Laiki Global eTrading service.

In the sector of client capital management, MCLRFS offers services adhering to high professional standards covering a broad spectrum of institutional clients, in cooperation with international firms based abroad.

MCLRFS also offers a comprehensive range of investment banking services, having achieved a prominent position in the domestic market. The service offering includes underwriting services and public offerings (IPOs and secondary offerings), advisory services for mergers and acquisitions and sourcing strategic partners, advisory services for financial planning and company restructuring, undertaking feasibility studies, advisory services for large-scale projects (project finance) and drawing up financial studies and business plans.

MCLRFS possesses an investment portfolio in the form of private equity in companies, the shares of which are not listed on a stock market.

In Greece, the Group offers a comprehensive range of investment services and products, through Investment Bank of Greece S.A., a subsidiary of the Group, which ranks among the foremost financial establishments in Greece. Its client base primarily consists of foreign end-clients, European and U.S. banks and financial institutions, as well as private investors. The Investment Bank of Greece S.A. collaborates with top-ranking international firms, allowing its customers to perform transactions on foreign-listed shares, CFDs and derivative instruments in international markets. During the four-monthly

period ended 30 April 2009, the Investment Bank of Greece S.A. ranked first in market share on the ATHEX, with a 15.10% share in the cumulative value of securities and bonds transactions.

Moreover, it disposes of one of the largest Economic Analysis Divisions, providing primary research to companies representing 90% of the capitalisation of the Athens Exchange, as well as analysis reports on behalf of selected European companies. Offering an array of carefully designed products, it provides the investment public with analyses and opinions on the Greek and international financial markets, while it issues a daily analysis report covering all developments anticipated to affect the movements of Greek and foreign shares. At the same time, it has begun issuing primary research reports to large-capitalisation companies in the markets of Turkey, Romania and Bulgaria. The Economic Analysis Division of the Investment Bank of Greece has received numerous important distinctions over the course of its history, both in Greece as well as internationally (Thomson Extel Survey, Star Mine Awards, AQ, RQ, Athens Exchange etc).

The Investment Bank of Greece S.A. is a member of the European Securities Network ("**ESN**"). ESN is a recognised pan-European network, comprising 10 brokerage firms and investment banks and offering investment services in 14 European countries. The aim of the network is to cover the full spectrum of European markets in regard to domestic private and institutional clients, offering a uniform analysis platform (providing primary research to more than 1,000 companies in Europe), identifying investment opportunities in domestic European markets, as well as developing productive and efficient synergies among its members.

New Products and Services

The Group has consistently followed the policy of continuously developing new products and services in all its areas of operation, both in Cyprus as well as in Greece and internationally, such as new bank accounts, loan products, deposit and investment products, electronic banking products and services, general insurance and life insurance products and services, as well as new stock broking services.

5.1.1 Other Services and Activities

In addition to the above activities, it is noted that the Group's operations are supported by a number of internal divisions and departments.

Special emphasis is placed on the sector of technology and IT. The Group has a dedicated division entrusted with upgrading the technological infrastructure and computerisation of the Group, as well as administering its current systems. The Group's technological development is inextricably linked with the broader strategy and business operations of the Group and, more specifically, with the development of new products and services, the development of alternative service channels, the increase in productivity, the centralisation and automation of procedures and the improvement of operational risk management.

The Group also maintains an active involvement in CSR activities and in the cultural life of the countries where it operates. For a number of years, the Group has been organising and participating in numerous activities including, among others, charitable, cultural, CSR and sports events.

The foremost event organised by the Group is the holding of the annual Radio-Marathon for Children with Special Needs, an event that has received an enthusiastic following from charitable institutions and the general public.

Another milestone in the cultural activities of the Group was the establishment of the Laiki Group Cultural Foundation - Pierides Museum trust in 2000.

5.1.2 Main Markets of Operation

Cyprus

Marfin Popular Bank is the second largest bank operating in the Cypriot market. The full service offering of the Group, set out in Section 4.3, is available in Cyprus, through the Bank and a number of its subsidiaries. Cyprus remains the main base of Group operations. Marfin Popular Bank ranks second in loans, business loans and deposits. (Source: Central Bank of Cyprus)

The Group maintains a network of 115 branches in Cyprus, with wide geographical dispersion, while it offers a comprehensive range of alternative distribution channels through Laiki eBank, which is constantly being upgraded with the addition of new services.

The strategy pursued in the Cypriot market focuses on the ongoing improvement in the quality of service provided to the clients, the offering of attractive products, the utilisation of technology and alternative distribution channels, as well as the development of systems allowing for effective risk management and improved loan quality.

Greece

MPB Greek Branch, as well as a number of Group subsidiaries in Greece, offer a wide range of financial products and services, spanning classic banking products as well as leasing, factoring-forfeiting, banking insurance, shipping, as well as investment strategy issues.

MPB Greek Branch offers its services and products through a branch network of 180 branches as of 31 December 2010, offering broad geographical coverage.

The Group's operations in Greece are characterised by a client-based approach, aiming at providing high quality services to foster long-term relationships with its clients. At the same time, special emphasis is placed on the continuous training and development of employees, as well as on the continuous updating of technological and risk management infrastructure, in cooperation with the Group.

In Greece, MPB Greek Branch ranks seventh in terms of loans, fifth in terms of business loans and seventh in terms of deposits. (Source: MPB estimates based on Bank of Greece data as of 31 December 2010).

United Kingdom

The Group has been operating in the United Kingdom since 1974 and today operates a network of 4 branches, 3 of which are in London and 1 in Birmingham, in areas exhibiting a large concentration of Cypriot and Greek ex-pats, which are the primary targets of the Group.

The Group's UK strategy is geared towards achieving further growth in areas such as corporate and commercial banking and capital management, as well as leveraging on the opportunities offered by e-banking. The Group's UK strategy primarily targets the second and third generation of Greeks and Cypriots residing in the UK and foresees the penetration into other nationalities and professional groups.

The main offices of the Bank in the United Kingdom relocated in February 2005 to new premises in the Cavendish Square area in central London.

Guernsey

Subsidiary bank Laiki Bank (Guernsey) Limited was established in March 2005 on the island of Guernsey, in the Channel Island complex, in line with the Group's strategy of international expansion. The Bank aims at diversifying the range of deposit and other investment products available, offering competitive features and tax advantages.

Serbia

The Group expanded into Serbia following the acquisition of 90.43% in the share capital of Serbian bank 'Centrobanka a.d.' in January 2006, which was initially renamed 'Laiki Bank a.d.' and subsequently Marfin Bank JSC Belgrade (as of 31 March 2008) upon the successful conclusion of the public offer submitted for the acquisition of a controlling interest in its share capital. The abovementioned acquisition marked the first major foothold achieved by the Group in the emerging Balkan market and signalled a deviation in the strategy hitherto followed by the Group, namely the operation of fully-fledged banking units in countries with a significant concentration of Greeks and Cypriots.

The Group went ahead with a share capital increase of €10 million in August 2006, which increased its shareholding in Marfin Bank JSC Belgrade to 92.82%. In September 2006, it submitted a public offer for the acquisition of the remaining shares. The Group acquired a further 61,058 shares for the total price of €1.3 million, increasing its overall shareholding to 95.23%. The Group acquired the new shares issued by

Marfin Bank JSC Belgrade in June 2007 for the total price of €30.1 million. Marfin Bank JSC Belgrade was founded in 1980 and is headquartered in Belgrade. It offers a comprehensive range of banking services offered through a network of 29 branches.

The banking market in Serbia can be characterised as a developing market, with potentially high growth rates and prospects, while also exhibiting the typical constraints of developing markets.

Romania

The expansion of the Group into Romania occurred as the result of the triple merger between the Laiki Bank, Marfin Investment Group Holdings S.A. (formerly Marfin Financial Group) and Egnatia Bank S.A., following the incorporation of Egnatia Bank (Romania) S.A. and Egnatia Leasing Romania S.A. into the Group.

Egnatia Bank (Romania) S.A. (which was renamed Marfin Bank (Romania) S.A. in May 2008) is a commercial bank licensed to provide the full spectrum of banking services envisioned under the operational framework of commercial banks in Romania. In regard to Egnatia Leasing Romania S.A., its primary activity is the provision of financial leasing services to private individuals and businesses. Marfin Bank (Romania) S.A. currently operates a network of 27 branches.

Ukraine

The Group began its expansion in 2007, with the acquisition of 99.21% of the share capital of Marine Transport Bank ("MTB") in the Ukraine for GBP 58.9 million. The acquisition was completed on 18 September 2007, after receiving the legally mandated authorisations of the competent authorities of Cyprus and the Ukraine.

MTB is a banking S.A. company (société anonyme) operating in accordance with the laws of the Ukraine. It offers universal banking services (universal bank), as it holds licenses for performing all banking operations.

Simultaneously with the acquisition of MTB, the Group went ahead with the acquisition of three affiliated companies of MTB in the financial leasing sector. Specifically, it acquired 100% of the share capital of Investment Lease Company Rental, 91% of the share capital in Premier Capital and 81.24% of the share capital in Sintez Autoservice.

MTB currently operates a network of 58 branches.

Estonia

In 2007, the Group acquired 50.12% of the share capital in AS SBM Pank in Estonia. The acquisition was completed on 28 September 2007, after receiving the legally mandated authorisations of the competent authorities of Cyprus and Estonia.

AS SBM Pank was acquired by Marfin Investment Group on a purely commercial basis, in the context of the dilution of the Company's shareholding in MIG's share capital and the transfer of the financial operations of the Group to Marfin Popular Bank for GBP 3.7 million. AS SBM Pank operates a network of 4 branches and offers a full spectrum of banking services and products to its clients. AS SBM Pank was renamed Marfin Pank Eesti AS, effective as of 14 May 2008.

Malta

2007 saw the further expansion of the Group into Malta, with the acquisition of roughly 43% of the share capital of Lombard Bank Malta Plc ("**LBM**"). LBM is the third largest bank in Malta, operating under the supervision of the Central Bank of Malta and listed on the local stock exchange.

On 16 October 2007, the Group announced that it had reached an agreement with the primary shareholders of LBM, BSI SA Lugano and other international investors, regarding the acquisition of the above shareholding for €48.3 million. LBM, which was founded in 1969 and is headquartered in Valetta, offers a comprehensive range of banking services and operates a network spanning 7 branches.

The acquisition of the LBM participation is part of MPB's strategic decision to expand its activities in the provision of high end banking services to worldwide enterprises. In the last few years, Malta has evolved into an investment hub for international corporations. The relevant approval by supervising authorities of Cyprus and Malta was obtained in February 2008, as a result of the conclusion of the said transaction.

Russia

On 20 December 2007, the Group announced the acquisition of a controlling interest in Russian bank 'OOO Rossiysky Promyshlenny Bank' ("**Rosprombank**"). Rosprombank is a Russian bank displaying a markedly fast growth rate in Russia, with significant presence in the sector of small and medium sized enterprises financing. Rosprombank operates a network of 27 branches spanning all major cities in the country, including Moscow, St. Petersburg and surrounding areas.

The acquisition of Rosprombank was performed through the purchase of a 50.04% stake in the share capital of 'OAO RPB-Holding', which owned the Russian bank, for €85 million. This agreement was concluded on 4 September 2008.

On 31 March 2011, the Bank announced its acquisition of the remaining 49.96% in Rosprombank, where the completion of the transaction is expected to take place during the second half of 2011, subject to all regulatory approvals from relevant authorities in Cyprus and the Russian Federation.

Representative Offices

Until 29 February 2008, the Group operated five Representative Offices in four countries: U.S.A. (New York), Canada (Toronto and Montreal), South Africa (Johannesburg) and Russia (Moscow).

In the context of focusing on the international expansion of the Group in the region of South-East Europe, on 30 November 2007 the Bank's Board of Directors decided to suspend the operation of all Representative Offices, with the exception of the Representative Office in Moscow, with the last day of operation being the 29th of February 2008. On 30 September 2010, the Representative Office in Moscow employed 7 members of staff.

Access to Other Markets

The Bank has developed an extensive network of satellite banks and has concluded special agreements with selected banks worldwide. Through its collaborations, the Bank ensures its clientele access to a large number of foreign markets and achieves attractive collaboration terms.

6. Analysis of Loan Portfolio

The Group operates in six main business sectors worldwide:

- Business and investment banking, which includes all commercial and investment banking operations from corporate clients.
- Retail banking, which includes all commercial banking operations from retail clients.
- Asset management, which includes all operations from affluent clients (banking operations and asset management).
- International businesses, which includes all operations offered to international businesses.
- Treasury and market management, which includes all activities from treasury and market management.
- Participations, investments and other sectors, which includes various participations and investments for the Group and all other operations that do not fall within any of the other sectors, none of which forms a separately mentioned sector.

Analysis of Loan Portfolio by Financial Activity Sector

In the following table is listed the analysis of loan portfolio for the Group by financial activity sector for the years 2008, 2009 and 2010.

Financial Activity Sector	31.12.2010 € '000	%	31.12.2009 € '000	%	31.12.2008 € '000	%
Trade	3,356,673	13%	3,303,123	13%	2,988,865	13%
Industry	1,195,690	5%	1,230,601	5%	1,136,746	5%
Tourism	1,289,076	5%	1,066,367	4%	943,781	4%
Property and construction	4,706,614	18%	4,480,627	18%	3,946,880	17%
Personal, professional and home loans	10,103,243	38%	9,962,856	40%	8,832,882	38%
Other sectors	6,780,515	26%	5,850,217	24%	6,208,408	27%
	27,431,811	104%	25,893,792	103%	24,057,562	103%
Provision for impairment of advances	(1,014,477)	(4%)	(811,628)	(3%)	(630,336)	(3%)
TOTAL LOANS	26,417,334	100%	25,082,164	100%	23,427,226	100%

Analysis of Loan Portfolio by Geographical Sector

In the following table is listed the analysis of loan portfolio for the Group by geographical sector for the years 2008, 2009 and 2010

Geographical Sector	Audited 31.12.2010 €'000	%	Audited 31.12.2009 €'000	%	Audited 31.12.2008 €'000	%
Cyprus	10,429,910	39%	9,223,891	37%	8,457,733	36%
Greece	11,664,688	44%	10,831,287	43%	9,836,975	42%
Other countries	5,337,212	20%	5,838,614	23%	5,762,853	25%
	27,431,811	104%	25,893,792	103%	24,057,562	103%
Provision for impairment of advances	(1,014,477)	(4%)	(811,628)	(3%)	(630,336)	(3%)
TOTAL LOANS	26,417,334	100%	25,082,164	100%	23,427,226	100%

7. Risk Management

Risk Management Policies

The Group, due to its activities, is exposed to risks that may have an adverse affect on its results and goals. The Group monitors the risks stemming from its operations, in order to minimize them and to avoid the concentration of excessive risks, setting clear acceptable limits to risk undertaking, while taking into consideration the directives and supervisory requirements set out by the Basel Committee and the Central Bank of Cyprus.

The Group has developed policies and procedures –approved by the Board of Directors– regarding risk, risk monitoring and management, and setting the applicable maximum acceptable limits according to its Business Strategy. The aim is to protect profitability, capital adequacy, and to maximize the risk/return in the course of its business.

The Board of Directors has established the Risk Management Committee (RMC), which acts on a Group level and monitors all of the Group's operations, with the aim of identifying, evaluating and managing all principal business risks. The Committee ensures that systems, policies and procedures for managing risks are in place, and informs the Board of Directors of the existence of such substantial risks. At the same

time, the Group Market Risk Committee has been established, in order to approve limits, policies and methodologies regarding market risk.

The Group Assets and Liabilities Committee (GALCO) plays an important role in the management of credit, market and liquidity risks. GALCO meets on a monthly basis, examines the latest market developments and the level of risk undertaken, and sets the strategy for the implementation of medium-term objectives. Each Group subsidiary has its own local Assets and Liabilities Committee (ALCO), which also meets on a monthly basis.

Risk Management Committee

The Group's BoD has assigned to the RMC the responsibility of covering, managing, and integrated categories control of all risks. Furthermore, the Committee is responsible for the necessary coordination of risk management issues at a Group level.

The Committee consists of BoD members with adequate knowledge and experience with regards to risk management. The Committee's meetings take place on a quarterly basis or whenever deemed necessary.

The Committee's goal is to ensure the implementation of policies and procedures, and that adequate systems have been established to handle risks that arise by the Group's activities.

Risk Management Division

The Risk Management Division holds a central role in the Group's risk management and is organised in such a way as to ensure its independence from Divisions with executive authorities as well as from Units responsible for executing or booking transactions.

In order to improve the implementation of its responsibilities, the Division has access to all activities and units as well as to all data and information of the Bank and Group subsidiaries, necessary for the performance of its duties. Furthermore, the Division is subject to audits by the Internal Audit Division, as to the adequacy and effectiveness of its risk management procedures.

Group Risk Management Strategy

The Group's strategy regarding risk management sets basic risk management principles and goals, thus providing risk management guidelines to the Group's Management and personnel.

This strategy is applied on a Group level and is adjusted when changes arise in the Group's business strategy as well as to changes in its internal and external environment.

The principal objectives of the risk management framework, as set out by the MPB Group, are the following:

- To define the main types of risk as well as which of the Group's activities are exposed to these risks,
- To minimise annual losses which result from the Group's exposure to significant risks, through the proper risk management,
- To develop appropriate risk management methodologies,
- To set adequate systems which allow for effective risk management,
- Annual review of the risk management framework by the Management,
- Alignment of the Group's strategic goals with the risks undertaken by the Business Units.

Operational Risk

Operational Risk is the risk of damage or loss resulting from:

- inadequate or failed internal procedures, including lack of sufficient procedures or incorrectly applied procedures

- human errors, including intentional omissions and internal fraud
- systems (mainly IT Systems)
- external events, including physical damage, theft and fraud.

In January of 2008, the Group implemented an Operational Risk Management Framework, the introduction of which arises from provisions of the EU Capital Requirements Directive, which was incorporated by the Cypriot legislative and regulatory framework (Directive by the Central Bank of Cyprus – December 2006), and it adopts to a great extent the principles of the Basel II Accord on matters of Operational Risk management. The Framework is designed to cover all the qualitative and quantitative criteria in order to adopt the Standardised Approach in accordance with Basel II for the calculation of capital requirement given Operational Risk.

The Group's Management places emphasis on identification of operational risks, proper monitoring and makes effort to limit them by different means, such as adopting and strengthening internal procedures and controls, insurance etc.

In particular, the Group Operational Risk Management policy is based on the following procedures:

- Risk Identification and Assessment (through the Risk and Control Self-Assessment procedure)
- Handling / managing risks and determining action plans that aim at eliminating or reducing identified risks
- Collection of Operational loss events (Operational Loss Database)
- Creation of Key Risk Indicators (KRIs)
- Information

The Operational Risk Management Framework, and as a result the Operational Risk Management policy is already fully implemented by the Bank and its subsidiary in Greece. It has also been adopted by 5 major subsidiaries of the Bank abroad. The primary objective for all of the Bank's subsidiaries is that the Operational Risk Management Framework should be fully aligned with the local regulatory and supervisory framework.

Credit Risk Management

The credit risk management covers a wide range of responsibilities starting with the stage of undertaking credit risk, moving on to the stage of credit risk management of the loan portfolio, and ending with the collection stage.

Credit risk management methodologies are adjusted to reflect the changing financial environment. The various credit risk assessment methods used are revised annually, or whenever deemed necessary, and are adjusted in order to be in line with the Group's overall strategy and objectives.

The guidelines for setting credit policy are determined subject to a number of sectoral and sub-sectoral analyses in conjunction to financial projections and the results of stress tests for extreme but possible scenarios. Credit policy is revised on a regular basis.

Credit facility approval limits have been established to minimise credit risk. The borrower's creditworthiness, the collateral and guarantees offered (that reduce the Group's exposure to credit risk), as well as the type and duration of the credit facility are all taken into account. The monitoring of counterparty creditworthiness and credit exposure, given the respective approved limits, is performed on a regular basis with the help of internal rating systems for credit lending. Moreover, the responsibilities and functions of the various units involved in the credit and loan process have been segregated to guarantee objectivity, independence and control over new and existing loans.

Any concentration is continuously analysed and monitored, so as to limit potential large exposures and risky concentrations, to remain in line with the applicable limits set out by credit policy, and to reduce the possibility of revenue variance.

Balancing risk/return is of vital importance to the Group results. This ratio is analysed on a customer and product level through a system for measuring profitability and setting pricing policy, which was developed with the purpose of taking into consideration the level of risk undertaken as well as expected revenue.

Furthermore, within the framework of the credit risk management policy, stress testing is used to assess the impact of extreme but possible scenarios on the quality of the loan portfolio as well as on available funds.

Credit Policy

The Group's loan portfolio consists of retail loans and business loans. Retail loans include private consumers and small businesses, while business loans consist of small to medium-sized enterprises (SME) and large enterprises.

The Group's principal lending criterion is the borrower's ability to meet payment obligations. Moreover, particular attention is paid to the quality of the collateral, either in the form of tangible collateral or guarantees. Most of the Group's clients are private borrowers and SMEs that may need various loan products and facilities.

For loans to small to SMEs and large enterprises, various sectoral reports are drafted for the purpose of identifying the sectors most likely to encounter problems, as well as those in which the Bank shall target its credit expansion. The reports are also used to set and evaluate credit policy.

For the Group to set its target markets, several parameters are evaluated including macroeconomic indexes, the domestic banking system, empirical data regarding the impact of stress testing, the supervisory authorities' guidelines, as well as the current composition of the loan portfolio. The main targeted segments are classified according to: (a) financial sector, (b) business unit, (c) country, (d) type of facility, (e) type of collateral, (f) credit rating quality and (g) currency. After identifying the above, further analysis is performed to determine the amount of loan to be granted to each target market.

Concentration Risk

Concentration risk is the risk that arises from insufficient portfolio diversification related to specific borrowers, specific industry sectors or economic segments, geographical regions, product types and collateral.

The Group recognises that the concentration of exposure in loan portfolios is an important aspect of credit risk. Therefore, the efficient management, and setting of concentration limits are of paramount importance.

The Risk Management Division ensures that exposures to individual customers, groups of customers, geographical areas, and other concentrations do not become excessive in relation to the Group's capital base and remain in line with limits set by the Board of Directors. The Risk Management Division is also responsible for reporting concentration of risks to the Risk Management Committee, Assets and Liabilities Committee, the Central Bank of Cyprus, and other supervising authorities of the countries in which the Group operates.

The monitoring and control of concentration risk is achieved by limit setting and reporting.

Stress Testing

Stress testing aims at evaluating the impact of extreme but possible scenarios, which might significantly affect the quality of the loan portfolio, the profitability, and the capital adequacy of the Group. Stress testing is conducted through scenario analyses and / or sensitivity analyses.

Stress testing is conducted on a semi-annual basis, or whenever deemed necessary. The Group's subsidiaries employ stress tests adjusted to the specific risks they are exposed to.

Credit Limits

Credit limits define the credit facilities' approval hierarchy with regards to the Group's customers. The higher the credit risk involved in a transaction, the higher the authority level required for its approval. The framework of credit limits is based on the following: (a) the customer's credit rating, (b) the total customer exposure level to the Group, (c) the quality of collateral and guarantees, (d) the type of facility, e.g. loan or letter of guarantee and (e) the facility's duration.

Credit limits are divided in two categories:

- (a) First line limits, i.e., those assigned to branch and regional managers.
- (b) Higher Authorities Limits, i.e., those assigned to Loan Committees and the Group Executive Committee.

Credit limits are revised annually, or whenever deemed necessary. Furthermore, any change in limits are subject to the regulatory guidelines of the countries where the Group operates, or subject to the Senior Management's decisions.

Collateral Policy

The Group's collateral policy aims at improving credit risk management. There are certain differences between the Group's subsidiaries abroad on acceptable collaterals, due to financial and regulatory particularities in each country.

The principles of the collateral policy determine: (a) the type of the acceptable collaterals, (b) the desirable coverage for each type of collateral and (c) the frequency of revaluations.

The main types of collateral accepted by the Group are the following: (a) mortgages, (b) bank guarantees, (c) cash, (d) equity/securities collateral and (e) other types of security.

Internal Rating Systems

The credit rating methods vary according to the following categories of counterparties: Central governments (with regards to the purchase and holding of bonds), financial institutions, large enterprises, SMEs, and individuals.

With regards to individuals two different rating methods exist, depending on the Group subsidiary involved as well as on available information. The first system is used for existing customers and is based on the customers' payment history and their overall collaboration with the Group. The second system includes the following: (a) credit scoring, based on demographic factors and objective financial data (e.g. income, assets), and (b) a separate scorecard for different types of products.

For large enterprises and SMEs, the internal credit rating system is used as well as Moody's Risk Advisor system, which evaluates the business' financial standing based on its financial and qualitative data and on its sector.

Ratings are made at regular intervals to ensure that a customer's rating is representative of the credit risk undertaken, and to function as an early warning sign. The rating procedure is underpinned by periodic audits conducted by the Risk Management Division and the Internal Audit Division.

Customer credit rating is used for the approval of new credit facilities and the setting of their relevant limits, for the internal calculation of the probability of default, as well as for the monitoring of changes in the quality of the Group's loan portfolio, in order to develop suitable strategies and avoid an increase in risk exposure.

Control of Problematic Loans

Exposure to problematic credit is identified and monitored at an early stage through the internal rating system, the credit facility approval procedures and controls, and the loan portfolio's evaluation. Action plans and specific improvement goals are set in collaboration with bank units, and audits are carried out at

regular intervals to ensure that timely corrective measures are undertaken. Based on specific criteria, the customers are referred to specialised debt collection services.

Furthermore, the Risk Management Division prepares specialised reports, which analyse and evaluate the loan portfolio and overdue debt, which are relayed to the responsible Committees and the Group's Senior Management, together with recommendations for corrective measures.

Loan Impairment

The Group evaluates whether there are objective indications that warrant an impairment of value of loans on a quarterly basis. A loan is characterised as a bad debt, and a provision for the impairment of its value is raised, when objective indications for impairment arise from one or more of the following events that have occurred after its initial recognition as an asset and which would negatively affect expected future cash flows.

Such objective indicators are as follows:

- (a) Violation of the contractual terms resulting in delay of principal or interest payments
- (b) Evidence for significant deterioration in the loan repayment ability,
- (c) Undertaking of legal action,
- (d) Bankruptcy,
- (e) Other objective evidence that leads to the conclusion that the Group will not collect the full amount due.

The Group first evaluates whether there are objective impairment indicators for individual loans. If there is no evidence for impairment during such evaluation, the loan will be included in a group of loans with similar credit risk characteristics, which will be collectively evaluated for impairment. Loans evaluated on an individual basis and for which a provision is or has already been raised, are not evaluated collectively.

Bad debts are monitored on a continuous basis and are reviewed for provision purposes quarterly. If the amount of impairment is decreased at a later date, due to events that occur following such an impairment, the provision is reversed and is credited as a reduction in the loans' impairment provision.

A loan write-off is performed against the relevant impairment provision. Loans are written off when all necessary actions have been taken, when there are no realistic payment prospects, and when the write-off amount has been determined. It is understood that performed write-off do not affect the Group's right for future collection of such written-amounts.

Report Submission

The Risk Management Division is responsible for preparing and submitting detailed reports regarding risk management issues, including credit risk limits, the authorities' approval limits, and stress testing results to the Group's Risk Management Committee, the Group's Executive Committees, and the Assets and Liabilities Committee. The Risk Management Division is also responsible for the preparation of individual and consolidated reports, which are submitted to the Central Bank of Cyprus and address the quality of the portfolio as well as the extent to which the quantitative targets have been met.

8. Analysis of Wholesale Funding Portfolio

As at 31 December 2010, the Group had EUR 1,745,568 of debt outstanding, which consisted of Eurobonds, loan capital securities and bank loans. The financial information shown below has been extracted without material adjustment from the consolidated financial statements of the Bank prepared in accordance with IFRS:

	31.12.2010 € '000	31.12.2009 € '000
Debentures Marfin Popular Bank Public Co Ltd (2007/2010)	-	612,711
Debentures Marfin Popular Bank Public Co Ltd (2009/2012)	376,953	377,280
Debentures Marfin Popular Bank Public Co Ltd (2009/2014)	22,813	23,185
Debentures Egnatia Finance Plc (2009/2010)	-	- 7,552
Debentures Egnatia Finance Plc (2009/2013)	17,756	15,390
Bond loan (Schuldschein) Marfin Egnatia Bank S.A. (2007/2010)	-	50,000
Bond loan (Schuldschein) Marfin Egnatia Bank S.A. (2008/2011)	50,220	50,000
Syndicated loan Marfin Egnatia Bank S.A. (2008/2010)	-	250,000
Promissory Notes Rossiysky Promyishlenny Bank Company Ltd	9,895	12,384
Total Senior Debt Outstanding	477,637	1,398,502
Debentures Egnatia Finance Plc (2005/2015)	-	80,000
Eurobonds Marfin Popular Bank Public Co Ltd due 2016	414,793	424,724
Debentures Egnatia Finance Plc (2009/2019).	106,308	95,138
Subordinated debt Rossiysky Promyishlenny Bank Company Ltd (2004/2014)	8,960	8,410
Capital securities Marfin Popular Bank Public Co Ltd	737,870	442,229
Total Capital Securities Outstanding	1,267,931	1,050,501

Source: Financial report for the period ending 31 December 2010

In May 2010, following the approval of the Bank of Greece, Egnatia Finance Plc proceeded to early repayment of the full amount of € 80 m debentures, in accordance with their terms of issue and an amount equal to the nominal value of the debentures plus accrued interest was paid to the holders.

In June 2010, the Bank repurchased and cancelled bonds of € 23 m. The bonds were held by Group companies.

On 30 March, 2010 the Board of Directors of the Bank approved the issue of capital securities, in one or more series, up to the amount of € 300 m which would be included in the Hybrid Tier I Capital of the Bank. The first tranche, which was addressed to a limited group of individuals, professional investors and individuals who invested at least € 50,000 each, was completed on 19 May, 2010 and amounted to € 250,5 m. The second tranche, which was addressed to the wide public, was completed on 25 June, 2010 and amounted to € 45,1 m. The capital securities bear a fixed interest rate of 7% and the interest is payable every three months. The capital securities were listed on the Cyprus Stock Exchange on 18 June, 2010 and 3 August, 2010 respectively.

The capital securities do not have a maturity date but may, at the Bank's discretion, after approval by the Central Bank of Cyprus, be acquired in their entirety at their nominal value, together with any accrued interest, five years after the date of issue or on any interest payment date after that. The capital securities constitute direct, unsecured, subordinated obligations of the Bank and rank for payment after the claims of the depositors and other creditors.

Covered bonds Marfin Egnatia Bank S.A.

On 4 August 2010, Marfin Egnatia Bank S.A., upon approval by the Bank of Greece, issued the third series of mortgage covered bonds amounting to €1 billion, in the context of the existing mortgage covered bonds Programme of €3 billion, while it cancelled the second series of covered bonds of €500 million, issued on 12 March 2010. After the issuance of the third series, the total amount of mortgage covered bonds issued by Marfin Egnatia Bank S.A. stands at €2 billion.

On 31 March 2011, and in light of the absorption of Marfin Egnatia Bank S.A. by Marfin Popular Bank Public Co Ltd, €2 billion of the outstanding mortgage covered bonds were grandfathered under the Cypriot Covered Bond legislation where following this grandfathering the Issuer of these covered bonds is Marfin Popular Bank Public Co Ltd.

Securitisation

On 19 August 2009 MEB completed the securitisation of bonds and business loans totalling € 2.3 bn, with expected duration of 2.5 years from the date of issue, and in accordance with applicable law.

The bonds were issued by the London based special purpose company under the name "Synergatis Plc". The 61.5% of the securitized portfolio, or € 1.4 bn, was given an "Aaa" rating by Moody's. The remainder of the portfolio was left unrated.

THE BANKING SECTOR IN CYPRUS

Banking in Cyprus has a history of over 140 years. It is well developed, stable and plays a leading role in financial intermediation services. The total assets of banks whose home country is Cyprus, including cooperative credit institutions, had reached €108.3 billion at the end of May 2010, which is equivalent to 639 per cent. of nominal GDP. Employment in the sector in December 2008 is estimated at 17,100 persons, or 4.5 per cent. of the employed population.

Cyprus is part of the Eurozone and thus operates under the Eurosystem. The environment in which Cypriot banks operate changed significantly as a result of the harmonisation with the EU acquis communautaire.

- The regime of floating interest rates was introduced as from 1 January 2001;
- The abolition of all restrictions on inward and outward capital movements was completed on the accession of Cyprus to the EU on 1 May 2004;
- The Euro was adopted as the national currency on 1 January 2008.

These changes have fundamentally altered the business environment and created new opportunities and challenges for banks. Although small in size compared to their international counterparts, Cypriot banks operate as fully-fledged universal banks, offering a wide range of products and services.

Banks Operating in Cyprus

Banks in Cyprus can be divided into two categories: Banks incorporated in Cyprus and Branches of Foreign banks. There is also one Representative office operating in Cyprus.

Banks incorporated in Cyprus

Currently there are 16 commercial banks and specialised financial institutions offering their services through a network of branches. Four of the locally incorporated banks are public companies quoted on the Cyprus Stock Exchange and eight are subsidiaries of foreign banks.

Co-operative credit institutions, which comprise co-operative credit societies and savings banks, make up another important category of entities engaged in banking activities in Cyprus. Unlike, however, commercial banks, co-operatives are mutually owned, non-profit organisations established to serve their members and the local communities. Although co-operative credit institutions carry out banking activities, they are not subject to the Banking Law but are regulated pursuant to the Co-operative Societies Law (Law 22/1985 as amended) and their supervision is assigned to the Commissioner of the Service for the Supervision and Development of Co-operative Companies. As banking institutions, co-operative credit institutions comply with the EU banking directives. At the end of 2009 there were 111 registered co-operative credit institutions.

The Housing Finance Corporation is a government-controlled institution and offers its services through six branches. It accepts deposits and provides loan facilities for housing, mainly to low and middle-income households.

Until a few years ago, commercial banks earned the largest part of their income through traditional banking services, such as retail, commercial and corporate banking. The rapid changes in the economic environment and increasing competition, however, forced banks to expand and diversify beyond the boundaries of traditional banking. Banks have expanded into other financial services, such as private banking, insurance, investment banking, including underwriting of issues of capital, asset management and brokerage, either through the setting up of subsidiaries or through acquisitions.

Foreign banks

Currently, there are nine banks of European Union countries and seventeen banks of countries other than the European Union operating through branches in the domestic bank market and two representative offices.

The following table shows the breakdown of total deposits and advances outstanding in the Cypriot banking system as at 31 December for each of the five years 2005-2008:

Deposits and Advances in the Cyprus Banking System in billion euro: 2005-2008

	2005	2006	2007	2008	2009
Deposits					
Domestic residents	24.87	27.40	32.29	39.46	41.01
Other Euro Area residents	1.37	1.15	1.39	1.09	1.29
Residents of Rest of the World	11.84	14.55	18.83	15.46	15.85
Total	38.07	43.10	52.51	58.00	58.15
Advances					
Domestic residents	25.01	27.51	34.00	43.45	45.68
Other Euro Area residents	0.45	0.67	0.95	1.95	3.52
Residents of Rest of the World	2.61	3.24	6.07	9.04	8.67
Total	28.06	31.42	41.02	54.44	57.87

Source: *Central Bank of Cyprus*

As at 31 December 2009 the total amount of deposits held by all banks in Cyprus was €58.15 billion and the total amount of advances outstanding was €57.87 billion. In December 2009, the three largest banks, the Bank of Cyprus, MPB and Hellenic Bank accounted for 53,6 per cent. of total deposits and 46.9 per cent. of total lending including co-operative societies.

Stress testing and capital adequacy

The Cypriot banking system has weathered the international financial crisis relatively well as a result of prudent banking practices and an effective regulatory framework. Banks remain well capitalised and profitable compared with peer banking systems and liquidity ratios are comfortable. Cypriot commercial banks were able to attract considerable deposits from Greece owing to their perceived safety and high credit ratings. The risk weighted capital adequacy ratio of the banking system, excluding the credit cooperatives was 12.1 percent at the end of 2009 compared with 11.0 percent at the end of 2008. Profitability has declined as a result mainly of a higher cost of deposits and higher provisions for non-performing loans.

The two biggest commercial banks of Cyprus were included in the 2010 EU-wide stress testing exercise coordinated by the Committee of European Banking Supervisors (CEBS) in cooperation with the European Central Bank and the Central Bank of Cyprus. The results of the stress tests were very satisfactory according to the Central Bank of Cyprus announcement. As a result of the assumed shock under the adverse under the adverse scenario, the estimated consolidated Tier 1 capital ratio for Marfin Popular Bank would change to 8.5% in 2011 compared to 9.4% as of end of 2009. An additional sovereign risk scenario would have a further impact of 1.4 percentage point on the estimated Tier 1 capital ratio bringing it to 7.1% at the end of 2011 compared with the CRD regulatory minimum of 4%. The results of the stress test suggest a buffer of 302 mln EUR of the Tier 1 capital for Marfin Popular Bank against the threshold of 6% of Tier 1 capital adequacy ratio agreed exclusively for the purposes of this exercise.

ISSUER'S STANDARD BUSINESS PRACTICES FOR LOAN ASSETS

Below are the standard Issuer practices with respect to residential property backed lending. Standard Issuer practices with respect to other eligible types of cover assets (commercial property, ship backed mortgages and public loans) will be added as necessary.

Residential Mortgage Loan Product

The Issuer offers a range of fixed rate and floating rate products. The floating rates are linked to EURIBOR, LIBOR, the Issuer's own rate or the ECB rate, while the fixed rates are offered for specific periods (in accordance with products offered at the time) before re-fixing to one of the above floating rates or re-pricing to the then acceptable fixed rate.

The Issuer originates residential mortgage loans with regular instalments consisting of interest and principal components. While other repayment types may be allowed as well, such cases are evaluated on the case by case basis.

The Issuer offers certain products with interest or both interest and capital grace period. Such loans account for only a small proportion of the Issuers residential property loan portfolio. Any interest or interest and capital grace period is currently limited by the Central Bank of Cyprus to up to 2 years and may change from time to time in accordance with their regulations. An additional interest or both interest and capital grace period may be occasionally granted in accordance with Issuers credit policy and subject to the approval by the relevant authority.

Origination

All residential mortgage loans are originated by credit officers of the Issuer, in accordance with the Credit Policy of the Issuer, located in one of its 104 branches, 11 Corporate and Commercial Banking Units (C&CBU) as well as other Divisions of the Bank, all covering the major cities and regions of Cyprus Republic.

Underwriting

Pre-Acceptance Process

Prior to accepting a residential mortgage loan application, the dedicated Branch / C&CBU credit officer checks if the client is an existing client of the Issuer or acts as a guarantor for one of the existing clients of the Issuer. The officer also checks records of the client across a number of government and central bank databases such as Artemis Bank Information Systems among other.

If it appears that the client is classified as a defaulting borrower or has defaulted in the past, the application of such client for a residential mortgage loan is declined. Furthermore, if the client is a new client of the Issuer and any detrimental information is found, the client is flagged in the system of the Issuer where any subsequent financing of such client must be approved by the relevant credit approval authorities in Head Office.

Similar checks are performed for any potential guarantors of the client where if there is any detrimental information, the client is requested to provide an alternative guarantor.

The credit officer completes a new loan application and requests all the necessary information in order to complete an Asset & Liability report of the client, which serves as basis for Customer Score.

The Issuer currently uses three credit scores in its origination process. From the two respective scores Customer Credit Grade (on the scale of 1 to 10, 1 being best) is derived:

- Credit Score (CS): The score applies to individuals and assesses a number of specific categories in order to arrive at the final score with each category carrying a defined weight and containing one or more evaluation factors.
- Behavioural Score (BS): The score applies to clients who already have a credit facility with the Issuer. Client behavioural score is based on the performance of the client's repayment ability on existing financing with the Issuer.

- **Moody's Risk Analyst (MRA):** The score applies to businesses and is based on quantitative data included in financial statements of the company as well as other various qualitative.

The scoring acts as a recommendation to the credit officer as to whether the residential mortgage loan may be acceptable and as to which credit authority the application should be forwarded for approval.

Upon completion of the loan application, the application together with supporting documents is forwarded through electronic application workflow to the appropriate level of credit approval authority (in terms of maximum amount, collateral, margin and fees, etc). Branch and C&CBU credit officers do not have any authority for approving residential mortgage loan applications. Branch and C&CBU Managers together with Head of Sales, if such exists, have been delegated certain limited approval authority based on the size of Branch / C&CBU.

The pre-approval process includes the assessment of the purpose of the loan, size of the loan, property value as estimated by the borrower, the instalment to income ratio, LTV and/or type of collateral, age, global relationship with the Issuer, global exposure to the Issuer or other institutions, past rejected or abandoned applications of the applicant and a fraudulent documents' check

Final Credit Assessment

The final approval depends on (i) the repayment ability of the client, and (ii) the property value as estimated by the valuer appointed by the Issuer, as well as the checks in respect of prior liens on the property and if its assignment as security collateral is possible.

Underwriting is performed under strict "4-eyed principle". The credit officer signs off on the financial analysis of the client with his recommendation and a person with appropriate credit approval authority level checks the analysis and authorises the credit decision.

Maximum principal amount which may be authorised by Branch Managers depends on the size of a branch. Branches are split in four types where Type A is the largest and therefore with the highest maximum approval authority of two hundred thousand euros (200,000) and Type D is the smallest with the maximum approval authority of fifty thousand euros (50,000). The approval authority of C&CBUs is the same as Type A branch. Loans exceeding approval authority of a Branch or C&CBU Manager are forwarded to the higher approving authority (respective Area Manager or Head Office).

Any minor exceptions to the lending criteria must be approved by the next level of approving authority. Any other exceptions to Credit Policy and lending criteria must be submitted to the Head Office for approval by joint authority of Divisional Director and Credit Appraisal Director.

Pre-Funding Controls

Once approved, the residential mortgage loan file together with the application and relevant authorisation is sent to one of three Advances & Documentation Units (ADU) covering the respective Branch / C&CBU.

ADU officer checks the application against the system input, confirming that all documents necessary for the funding of the residential mortgage loan have been provided. In the event that any documents are missing, the residential mortgage loan disbursement is put on hold until any such issues are resolved.

Once all the required documents are in place and all the required conditions are met, ADU produces an offer agreement together with other necessary security documents, which are then executed by the client. Retail clients execute the agreement at the relevant Branch. Business Unit clients execute the agreement in either relevant C&CBU or ADU. Upon signing, the documents are returned to ADU (where applicable) for mortgage registration following which the loan may be disbursed.

Lending Criteria

Certain key features of the criteria which must be fulfilled prior to the final approval of a loan (the "**Lending Criteria**") are set out below. The Issuer has the right to vary or waive the Lending Criteria from time to time in the manner of a reasonably prudent residential property backed lender (a "**Prudent Lender**") and the Issuer may previously have waived or varied the Lending Criteria acting as a Prudent Lender in respect of the Loan Assets to be comprised in the Cover Pool. Only higher approving

authorities expressly granted the authority to do so may approve applications for Loan Assets which vary from the Lending Criteria.

The Issuer always has first lien on residential houses. The second lien is only accepted if the first lien also belongs to the Issuer.

The ratio of debt-to-income must be less than 40% taking into account income of guarantors if such exist.

Residential properties and land can be used as security for a residential mortgage loan if they meet the Issuer's requirements:

- residences should be built with the relevant building and planning permits;
- land should be "integral and developable"- able to be used for residence construction.

The LTV ratio is the initial amount of the loan relative to the market value (OMV) of the property appraised by an external valuer. In case of primary residences, LTV should not exceed 80% based on the collateral's OMV. In the remainder of cases, maximum LTV limit varies from 60% to 70% depending on the approving authority. Time deposits and other tangible collateral are also accepted as additional security if necessary.

Loan tenor should not exceed 40 years (taking into account that the age of the borrower should not exceed 70 years at the maturity of the loan).

Property Valuation

For property valuation the Issuer uses a wide network of independent real estate valuers throughout Cyprus.

The Issuer has established a dedicated Property Management Department which has an official list of valuers used by the Issuer. All valuers used by the Issuer are members of the Cyprus Scientific and Technical Chamber, and most are also members of RICS. All relationships are reviewed on an annual basis.

The valuation report is submitted after an on-site visit to the property where the valuer is also required to include a picture of the property. The final report includes a short description of the property, as well as value of the property in case of a rapid liquidation among other.

Based on current policy guidelines, which also comply with Basel II requirements as applied by the Central Bank of Cyprus, all residential properties held as collateral by the Issuer and valued over €3,000,000, should be re-valued at least every 3 years.

Insurance

Fire and earthquake insurance is required for all properties accepted by the Issuer as collateral. The property is insured for the insurable amount as estimated by the valuer. The Issuer includes the relevant provisions in the contractual agreement between the Issuer and the client, where the credit officer originating the loan is responsible for following up the assignment of the insurance policy in the Issuer's name.

Servicing

Since 2008, the Issuer requires that all client loan files exist in soft copies, as well as hard copies. The scanning process of the older files has now approached the completion stage where the process is expected to be fully completed by mid-2011. Following the scanning process, hard copies of the files are stored in designated storage facilities with ADUs.

The credit officer originating a loan is also responsible for its servicing including (i) addressing payment related matters and (ii) initiation of client contact in case the loan falls past due. The credit officer does not have the authority to (i) renegotiate rates, (ii) re-schedule the loan, (iii) waive any of the terms, or (iv) substitute any of the parties to the offer agreement. Any such change must be approved by the credit approval authority authorising the original financing.

Arrears Management

Upon disbursement of the loan, the client has an obligation to pay on a specific date via direct debit to his loan account. As soon as the client experiences financial difficulties and, at the latest, 10 days after the payment is past due, the credit officer who originated the loan contacts the client to remind him about the missed instalment.

Retail Loans

Problematic credit exposures are also identified at an early stage through the Customer Credit Grade which is affected by deterioration in the client Behavioural Score or Credit Score.

Any contacts by Branch credit officers with Retail customers in arrears are registered and followed up through Debt Manager System, through which the Issuer monitors retail portfolio arrears.

If payment remains in arrears, upon the lapse of three months the responsibility for file servicing is transferred to Debt Settlement Department (DSD) of the Issuer where the loans is assigned to a dedicated Follow-up officer. If the client experiences difficulties, the Follow-up officer examines various amicable solutions, aiming to avoid further payment delays.

Business Loans

Loans originated by C&CBU are followed up exclusively by the customer credit officer until legal action is required upon which instance the loan is terminated and forwarded to Recoveries Unit (RU). A loan is forwarded to RU upon the occurrence of the earlier of (i) customer credit officer deems legal action necessary, or (ii) customer is in arrears for over 180 days.

All Customer Loans

Six months past due or when the relevant officer (DSD for Retail or customer credit officer for Business loans) considers legal action as a prerequisite for the loan recovery, the contractual agreement is terminated and the loan is transferred to Debt Negotiation Unit (DNU). DNU makes the final attempt to come to a settlement with the client and proceeds with consolidating the required legal documents before the client is referred to the Recoveries Unit (RU) for legal action.

If the settlement is not reached with the client, DNU forwards the file to RU which cooperates with a wide network of external lawyers assisting throughout the foreclosure process. The lawyer appointed to represent the Issuer, applies for Court Decision against the debtor and guarantors. The Court Decisions allows the Issuer to place Memorandum on all property of the debtor and his guarantors (also applying pressure to cooperate with the Issuer given that the defendants can no longer dispose of or transfer the property to another name).

With Court Decision in place, the Issuer applies to Land Registry for sale of the mortgaged property or a property on which the Memorandum has been placed. After all notices have been sent and all periods specified in the Law and the Rules of Sale have lapsed, the Land Registry fixes the date of an auction.

Auction proceeds are then used to settle the account of the client with the Issuer, where Memorandum on client's properties is not lifted until such time that all accounts of the client are fully settled.

THE RESIDENTIAL MORTGAGE AND HOUSING MARKET IN CYPRUS

Financial liberalisation was recently implemented in Cyprus. After a very long period of statutory ceilings in lending interest rates, interest rates were fully liberalised in January 2001. Prior to this liberalisation, mortgage products were largely unknown in Cyprus due to the fact that land and property tended to stay in the same family for generations without ever being sold.

Cyprus is a country with high homeownership rates being in excess of 80% and renewed interest in real estate, especially following dramatic developments in the stock market. The Cyprus Stock Exchange (CSE), officially launched in 1996, went through a stock market bubble in 1999 which subsequent burst leading to Cyprus investors losing their confidence in equity investments. At the same time, the low interest rates paid by banks for term deposits and saving accounts encouraged investors to find alternatives. What followed was an inflow of funds into real estate, with a subsequent rise in the importance of this sector in terms of its share in annual credit by banks. The residential property backed loan balances increased from EUR 4.3 billion in 2001 or 32.1 per cent of GDP to EUR 12.6 billion in 2009 or 74.4% of GDP.

The Central Bank of Cyprus took a series of measures to cool the property market. First, the Bank consistently stated in its monetary policy statements that it regarded the rise in property prices 'unwarranted'. The statements were followed by a circular to commercial banks urging them to carefully evaluate all requests for financing property investments, and to avoid financing more than 70% of the value of the property. The circular continues to be in force to date, with primary residence mortgage loans being the only exception where banks can finance up to 80% of the residential property value in the particular case.

Residential Property Backed Loan Products

The Cypriot residential property backed loan market is characterised by fairly standard products, although in the last few years, a number of more sophisticated products have emerged in light of increasing demand and strong competition. Currently most banks offer the following housing backed loan products:

- (a) Long-term fixed rate mortgages (accounting for less than 3 per cent of the market)
- (b) Medium-term fixed rate mortgages converting to floating rate after a pre-agreed number of years
- (c) Floating rate mortgages, based on Euribor
- (d) Floating rate mortgages, based on Base Rate
- (e) Floating rate loans in foreign currency (GBP, USD, and CHF)

Typically loans for acquisition of a primary residence have a term of 15 to 30 years, although the maximum term is set at 40 years or when a borrower turns 70 years old, whichever is earlier. Foreign currency residential mortgage loans are offered by a number of banks tending to feature lower interest rates versus euro denominated counterpart. However, following the global credit crisis the popularity of foreign currency loans has diminished considerably. Furthermore, interest rates in Cyprus are among Euro Zone's highest albeit having declined somewhat following the country's entrance to EMU (currently at 6.69% for loans up to 5 years and at 4.91% for loans over 5 years according to the Central Bank of Cyprus statistics as at November 2010)

The Cyprus Housing Market

There is a long tradition in Cyprus of owning rather than renting the primary residence of the household. Most of the households own homes rather than apartments, primarily because population densities are low even in the main cities. This preference for homes is slowly changing as cities (especially the capital, Nicosia) grow bigger and households start to perceive a trade-off between living in a house but spending more time to commute versus living in an apartment that is much closer to work. Although 86% and 83.1% of Cyprus households report in 1999 and 2002, respectively, that they own their primary residence, only about half of homeowners reported having ever taken out mortgages on the current residence.

In addition to domestic demand, Cyprus has long been a popular holiday destination for British tourists, possibly because settling in is not as much of a culture shock as on other Mediterranean islands. English

is widely spoken on this former British colony. For property investors, the land registry system is similar to back home. Familiarities such as these, set in the context of over 300 days of sunshine a year and 648 km of coastline, are clear enticements for the British to continue to flock to the island for both business and pleasure. Main property hotspots are in and around Famagusta, Paphos, Larnaca, Limassol and the ancient city of Nicosia.

Following the global credit crisis, the strong economic expansion in Cyprus came to an end in 2009. For the first time in 35 years, economic activity in Cyprus fell by 1.75 per cent. Weak domestic demand and an adverse external environment weighed on growth. Investment recorded a strong correction, amidst a fall in foreign demand for housing, low capacity utilisation and the restructuring of corporate balance sheets. Government consumption was one of the few demand components supporting economic activity.

Overall, the balance of risks appears to be neutral according to IMF report (end 2010). Higher total demand might materialise due to a faster growth of the economies of Cyprus' major trading partners. Also, a reduction in banking lending rates could underpin private consumption and soften the adjustment of the housing sector. On the negative side, lower-than-expected external demand would certainly weigh on economic activity more than projected in the baseline scenario.

DESCRIPTION OF PRINCIPAL DOCUMENTS

Servicing Deed

Pursuant to the Servicing Deed the Servicer has agreed to:

- (a) service the Loan Assets comprised in the Cover Pool and administer the Loan Assets in accordance with the operating procedures scheduled to the Servicing Deed;
- (b) operate the Special Transaction Account and the Transaction Account;
- (c) provide the Issuer and the Trustee with certain cash management, calculation, notification and reporting information in relation to the Transaction Account;
- (d) check compliance with the Statutory Tests;
- (e) take the necessary action and giving the necessary notices to ensure that the Transaction Account (and the ledgers thereof) is credited and debited with the appropriate amounts;
- (f) maintain adequate records to reflect all transactions carried out by or in respect of the Transaction Account (and the ledgers thereof);
- (g) invest the funds credited to the Transaction Account in Complementary Assets; and
- (h) notify the Borrowers following the delivery of a Notice of Default or the occurrence of an Issuer Insolvency Event (each of which is continuing) to make all payments directly to the Transaction Account (or such other account as is approved in writing by the Trustee).

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 Loan Assets that it is servicing pursuant to the terms of the Servicing Deed, and to do anything which it reasonably considers necessary, convenient or incidental to the servicing of the Loan Assets (the "**Services**").

Appointment of Replacement Servicer

Upon the occurrence of any of the following events (the "**Servicer Events**"):

- (a) default is made by the Servicer in ensuring the payment on the due date of any payment required to be made under the Servicing Deed and such default continues unremedied for a period of three Business Days after the earlier of the Servicer becoming aware of the default and receipt by the Servicer of written notice from the Issuer (if it is not the same entity as the Servicer) or the Trustee requiring the default to be remedied; or
- (b) without prejudice to paragraph (a) above:
 - (i) default is made by the Servicer, in the performance or observance of any of its other covenants and obligations under the Servicing Deed; or
 - (ii) any of the warranties given by the Servicer proves to be untrue, incomplete or inaccurate; or
 - (iii) any certification or statement made by the Servicer in any certificate or other document delivered pursuant to the Servicing Deed proves to be untrue, incomplete or inaccurate,

and, in the sole opinion of the Trustee, such default or such warranty, certification or statement proving to be untrue, incomplete or inaccurate is materially prejudicial to the interests of the Covered Bondholders and (if such default is capable of remedy) such default continues unremedied for a period of ten Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer (if it is not the same entity as the Servicer) or the Trustee requiring the same to be remedied; or

- (c) it is or will become unlawful for the Servicer to perform or comply with any of its material obligations under the Servicing Deed; or

- (d) if the Servicer is prevented or severely hindered for a period of 60 days or more from complying with any of its material obligations under the Servicing Deed as a result of a force majeure event; or
- (e) any Issuer Insolvency Event occurs in relation to the Servicer (except that references therein to the Issuer shall be construed as being to the Servicer); or
- (f) if the Servicer is the same entity as the Issuer, any Issuer Event occurs which is continuing,

then, provided that a Covered Bond Business Administrator has not been appointed by the Central Bank of Cyprus, the Trustee shall deliver a Servicer Event Notice to the Servicer (with a copy to the Issuer (if it is not the same entity as the Servicer)) promptly or at any time after the occurrence of such a Servicer Event, and the Servicer shall have no claim against the Trustee for the delivery of a Servicer Event Notice or the replacement of the Servicer pursuant to this Deed.

The Cover Pool

The Issuer shall be entitled, subject to making an entry in a Cover Pool Register so providing, to:

- (a) designate Additional Cover Pool Assets which comply with the Eligibility Criteria to the Cover Pool for the purposes of issuing further Series of Covered Bonds and/or complying with the Statutory Tests and/or maintaining the initial ratings assigned to the Covered Bonds and/or for any other reason set out opposite the heading "*Adjustment of the Bond Percentage*" in the section "*Creation and Administration of the Cover Pool*" above; and
- (b) prior to the occurrence of an Issuer Event which is continuing or would occur as a result of such removal or substitution: (i) remove Cover Pool Assets from the Cover Pool, provided that the Statutory Tests are satisfied and will not be breached by such removal and the Covered Bond Monitor is confirming such fact on a monthly basis, or (ii) substitute Cover Pool Assets with Additional Cover Pool Assets,

provided that in relation to any such changes any applicable Rating Agency requirements are complied with.

Upon any addition (including by way of substitution) to the Cover Pool of Additional Cover Pool Assets or any removal of Cover Pool Assets, the Issuer (i) shall comply with its obligations under the Covered Bond Legislation and in particular ensure that the Cover Pool Assets or Additional Cover Pool Assets (as applicable) are registered in or removed from the cover pool register and (ii) represents that as of the date of any such addition (including by way of substitution) to the Cover Pool of Additional Cover Pool Assets, that no Issuer Insolvency Event has occurred or will occur as a result of such addition provided that in the event that such representation would not as of such date be true the Issuer will be not permitted to make any addition (including by way of substitution) to the Cover Pool of Additional Cover Pool Assets as at such date.

Representations and Warranties as to the Mortgage Assets

The Issuer will make certain representations and warranties in respect of the Loan Assets including statements to the following effect which together constitute the "**Eligibility Criteria**":

Eligible Receivables

The Receivables arising under each Loan Asset Agreement are eligible receivables in that they:

- (i) are originated by the Issuer and legally and beneficially owned by the Issuer;
- (ii) were originated in compliance with the Lending Criteria applicable at such time;
- (iii) are created in compliance with and governed by the laws of a Member State;
- (iv) are payable under the laws of Cyprus without any deduction, rebate or discount;
- (v) are not subject to any dispute, counterclaim, defence or claim existing or pending against the Issuer;

- (vi) do not arise in respect of Loans in Arrears or Defaulted Loan Assets or Rescheduled Loans (unless in the case of a Reschedule Loan, at least 6 months has elapsed since the payment date of the first rescheduled payment thereunder);
- (vii) can be segregated and identified for ownership on any day;
- (viii) are debts, the rights to which may be freely sold and transferred by way of assignment under the relevant laws;
- (ix) are capable of being subject to the Statutory Pledge;
- (x) are free and clear of any higher or equal ranking encumbrances unless any such encumbrances relate to Loans which are also in the Cover Pool and remain in the Cover Pool for as long as such Loan;
- (xi) are secured by a valid and enforceable Mortgage (or other Related Security or equivalent security interest) over immovable property situated in the jurisdiction of a Member State provided that if the Issuer has no physical presence in such Member State, assets from that Member State may not exceed 10 per cent. of the Cover Pool;
- (xii) the Property in relation to such asset has been independently valued and is periodically so valued every three years, in accordance with the provisions of the Covered Bond Legislation;
- (xiii) are assets in respect of which the grantor of any Mortgage (or other Related Security or equivalent security interest) has a good and marketable title to the relevant Property;
- (xiv) are assets in respect of which as at the origination date no further registrations were required to perfect or create the Mortgage or any other Related Security granted in respect of each Loan;
- (xv) are assets in respect of which the Issuer is the registered holder or beneficiary of the Mortgage (or other Related Security or equivalent security interest);
- (xvi) are assets which, when aggregated with all other assets in any Cover Pool under this Programme, do not exceed 90 per cent. of the total value of the Issuer's eligible assets for such covered bond category (or as required by the Covered Bond Legislation);
- (xvii) are assets which, when aggregated with all other assets in any Cover Pool under this Programme, do not exceed 25 per cent. of the total value of the Issuer's assets (or as required by the Covered Bond Legislation);
- (xviii) are assets which do not exceed 2 per cent. of the Cover Pool when aggregated with other such assets (or as required by the Covered Bond Legislation);
- (xix) have a loan to value ratio which is less than or equal to 100 per cent. unless the Rating Agencies have confirmed that the inclusion of any such Loan would not have an adverse effect on the ratings of the Covered Bonds;
- (xx) are assets in respect of which the Issuer has not received notice of early repayment;
- (xxi) if secured on property under construction do not exceed 10% of the Cover Pool;
- (xxii) are assets which may be Remortgaged Loans;
- (xxiii) if they are part of the Basic Collateralisation or Supervisory Overcollateralisation required by the Covered Bond Legislation, that they satisfy the applicable requirements of the Covered Bond Legislation;
- (xxiv) if they are to be included in a Cover Pool securing Covered Bonds rated by a Rating Agency, satisfy any additional criteria of such Rating Agency;
- (xxv) the ICR Rating of the Borrower in respect of the relevant Loan is rated with the ICR Scale by lower than or equal to 6 unless the Rating Agencies have confirmed that the inclusion of any such Loan would not have an adverse effect on the ratings of the Covered Bonds; and

(xxvi) do not have an Outstanding Principal Balance greater than EUR 5,000,000.

"Collections" means all amounts received in respect of Receivables.

"Defaulted Loan Asset" means any Loan Asset with respect to which, in accordance with the Operating Procedures, the Servicer has determined that the Receivables due under such Loan Asset are no longer collectable or a Loan which is 90 days or more in arrears.

"Enforcement Procedures" means the exercise, in accordance with the procedures described in the Operating Procedures, of rights and remedies against a Borrower in respect of such Borrower's obligations arising from any Loan Asset in respect of which such Borrower is in default.

"ICR Rating" means an internal rating assigned by the Servicer to a Borrower using a model developed by the Servicer;

"ICR Scale" means the scale from 1 to 10 used by the Servicer to rate Borrowers using a model developed by the Servicer, as modified and recalibrated by the Servicer from time to time;

"Loan Asset Agreement" means any agreement in relation to a Loan Asset between the Issuer (as lender) and a Borrower or Borrowers (as borrower(s) or guarantor(s)).

"Loan in Arrears" means in respect of a Loan Asset, that (a) one or more monthly or quarterly (as applicable) payments have become due and payable by the Borrower in accordance with the terms and conditions of the relevant Loan Asset, or (b) an amount is due and payable by the Borrower for more than 30 days in accordance with the terms and conditions of the relevant Loan Asset, provided that such amount due and payable is greater than 10% of the monthly payment.

"Loss" means, in relation to any Loan Asset on any day, the amount (if any) determined in good faith by the Servicer on such day as being the amount due in respect of such Loan Asset after the Servicer has completed the Enforcement Procedures in relation to such Loan Asset in accordance with Paragraph 26.1 (*Servicer to comply with Operating Procedures*) of Schedule 1 of the Servicing Deed.

"Operating Procedures" means the operating procedures set out in Schedule 9 (*Operating Procedures for Mortgage Loans*) to the Servicing Deed (as amended, varied or supplemented from time to time in accordance with the Servicing Deed).

"Receivables" means, on any day, all payments (whether or not yet due) which remain to be paid by the relevant Borrower under a Loan Asset Agreement but excluding all Recoveries.

"Recoveries" means, on any date, an amount received in respect of a Loan Asset, after a Loss has been determined in respect of such Loan Asset.

"Rescheduled Loan" means a Loan which was a Loan in Arrears and in relation to which the Issuer agreed a revised repayment schedule with the Borrower (including extensions of grace period, suspension of payment for one or more instalments, reduction in the amount of an instalment, write-off of an instalment of principal or interest or a refinancing);

"Remortgaged Loans" means loans originated by banks in Cyprus (other than the Issuer) which have been refinanced by new Loans from the Issuer provided that each such loan:

- (i) has not been refinanced more than three times;
- (ii) a six month period has passed since the date of refinancing; and
- (iii) had not been more than one month in arrears since the date of refinancing provided that a loan shall only be in arrears for these purposes if there has been a failure to pay an amount at least equal to 10% of the monthly or quarterly (as applicable) payment.

Eligible Loan Asset Agreements

Each Loan Asset Agreement was, as at its execution date, an Eligible Loan Asset Agreement:

- (i) which is entered into in the ordinary course of the Issuer's business on arms' length commercial terms;
- (ii) which the Issuer had at the date of execution the requisite power to enter into on the terms on which it was made;
- (iii) in respect of which all acts, conditions and things required to be done, fulfilled and performed in order:
 - (a) to enable the Issuer lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in such Loan Asset Agreement;
 - (b) to ensure that the obligations expressed to be assumed by it in the Loan Asset Agreement are legal, valid, binding and enforceable on the Issuer; and
 - (c) to make the Loan Asset Agreement admissible in evidence in Cyprus,

have been done, fulfilled and performed and are in full force and effect or, as the case may be, have been effected and no steps have been taken to challenge, revoke or cancel any such authorisation obtained or effected;
- (iv) which has been duly executed by the relevant Borrower or Borrowers and constitutes legal, valid, binding and enforceable obligations of the relevant Borrower or Borrowers;
- (v) which has been duly executed by the Issuer and constitutes legal, valid, binding and enforceable obligations of the Issuer;
- (vi) the execution and performance of which does not cause the Issuer to be in conflict with or constitute a breach or infringement of any of the terms of, or constitute a default by the Issuer under:
 - (a) the Issuer's constitutional documents;
 - (b) any Requirement of Law or any Regulatory Direction; or
 - (c) any agreement, indenture, contract, mortgage, deed or other instrument to which it is a party or which is binding on it or any of its assets;
- (vii) in respect of the execution and performance of which the Issuer does not require the consent of any other party or the consent, license, approval or authorisation of any Governmental Authority;
- (viii) which does not contain any restriction on assignment of the benefit of the relevant Loan Asset Agreement or, where consent to assign is required, such consent has been obtained;
- (ix) which, other than for the making of an entry in a Cover Pool Register does not have to be filed, recorded or enrolled with any court or other authority in Cyprus and on or in relation to which no stamp, registration or similar tax is required to be paid;
- (x) in respect of which at least one payment of Receivables due thereunder has been made prior to it being included in the Cover Pool;
- (xi) which provides for the payment of the Receivables due thereunder monthly or quarterly in arrear;
- (xii) in respect of which, the Issuer has not acquiesced in any breach;
- (xiii) which does not contain provisions which may give rise to a liability on the part of the Issuer to make further advances, pay money or perform any other onerous act;
- (xiv) which is entered into in compliance with the Lending Criteria;

- (xv) if they are part of the Basic Collateralisation or Supervisory Overcollateralisation required by the Covered Bond Legislation, that they satisfy the applicable requirements of the Covered Bond Legislation; and
- (xvi) if they are to be included in a Cover Pool securing Covered Bonds rated by a Rating Agency, satisfy any additional criteria of such Rating Agency.

Eligible Borrowers

Each Borrower in respect of each Loan Asset Agreement to which it is a party is:

- (i) is a party to a Loan Asset Agreement as primary borrower or guarantor;
- (ii) has full legal capacity under the relevant laws;
- (iii) as far as the Issuer is aware, is not dead or untraceable;
- (iv) is not subject to a bankruptcy event;
- (v) met the Lending Criteria for new business in force at the time such Borrower entered into the Loan Asset Agreement;
- (vi) if they are part of the Basic Collateralisation or Supervisory Overcollateralisation required by the Covered Bond Legislation, that they satisfy the applicable requirements of the Covered Bond Legislation; and
- (vii) if they are to be included in a Cover Pool securing Covered Bonds rated by a Rating Agency, satisfy any additional criteria of such Rating Agency.

"Borrower" means a borrower or a guarantor under a Loan Asset Agreement.

Sale of Selected Loans and their Related Security following an Issuer Event

Following the occurrence of an Issuer Event which is continuing, the Covered Bond Business Administrator may sell Loan Assets in the Cover Pool to the extent it determines such action is necessary or desirable for the purpose of meeting the Issuer's liabilities in relation to any Series of Covered Bonds.

Law and Jurisdiction

The Servicing Deed will be governed by English law.

Covered Bond Monitor Agreement

The Covered Bond Monitor has agreed pursuant to the Covered Bond Monitor Agreement, subject to due receipt of the information to be provided by the Servicer, to:

- (1) oversee the compliance of the Issuer with its obligations under the Covered Bond Legislation;
- (2) prior to an application for the registration of any Covered Bonds in the covered bonds register, verify that the Issuer:
 - (a) fulfils the conditions for registration as an approved institution;
 - (b) complies with the provisions of Part IV of the Law in relation to every previous issue of Covered Bonds that are outstanding; and
 - (c) complies with the provisions of section 14(1)(d) and (e) of the Law without prejudice to the provisions of section 14(2) and (3);
- (3) where hedging contracts are included in a Cover Pool, verify that these contracts fulfil the criteria set out in s26 of the Law;
- (4) monitor the Cover Pool Assets included in a Cover Pool, including:

- (a) verifying the accuracy and completeness of the information on the Cover Pool Assets included in the Cover Pool Register;
 - (b) examining the valuation process in relation to the valuation of the Cover Pool Assets;
 - (c) measuring compliance, on an on-going basis (being at least monthly) as per the Covered Bond Monitor application submitted to the Central Bank of Cyprus, with the Statutory Tests; and
 - (d) examining the entries in and removals from the Cover Pool Register and confirming the correct recording of the necessary information in the Cover Pool Register;
- (5) perform any other duties that the Central Bank of Cyprus requires; and
- (6) notwithstanding the provisions set out in paragraphs (1) to (5) above the services of the Covered Bond Monitor shall be carried out by reference to Article 46 and Article 47 of the Directive and the Covered Bond Monitor Report .

The Covered Bond Monitor will deliver a report on a six monthly basis to the Central Bank of Cyprus, the Servicer, the Issuer, the Trustee, each Dealer and the Rating Agencies setting out whether the Issuer is complying with the provisions of the Covered Bond Legislation and in particular the Statutory Tests and, if applicable, the extent of any non-compliance.

On each Programme Payment Date, the Issuer will pay to the Covered Bond Monitor a fee for the services performed by the Covered Bond Monitor.

The Servicer may, at any time terminate the appointment of the Covered Bond Monitor hereunder upon providing the Covered Bond Monitor with 30 days' prior written notice, provided that such termination may not be effected unless and until a Covered Bond Monitor Termination Event has occurred, the Central Bank of Cyprus consents to such termination and a replacement approved by the Central Bank of Cyprus has been found by the Servicer which agrees to perform the duties (or substantially similar duties) of the Covered Bond Monitor set out in this Agreement.

The Covered Bond Monitor may, at any time, resign by giving at least 30 days' prior written notice to the Issuer, the Servicer and the Trustee, 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 in each case subject to the appointment of a replacement covered bond monitor.

"Covered Bond Monitor Termination Event" means that the Covered Bond Monitor:

- (1) is insolvent;
- (2) resigns as covered bond monitor with written notification to the Issuer;
- (3) does not remove from his duties a director or manager who has been convicted for an offence involving dishonesty, fraud, or breach of duty;
- (4) infringes and/or discharges its duties under the provisions of the Covered Bond Legislation negligently;
- (5) is subject to a petition for its winding up or a resolution for its voluntary winding up is filed; or
- (6) any other event occurs which the Central Bank of Cyprus determines is a reason for the termination of the appointment of the Covered Bond Monitor.

Transaction Account Agreement

On or about the Closing Date, the Issuer, the Trustee, the Transaction Account Bank and the Servicer entered into the Transaction Account Agreement pursuant to which the Transaction Account Bank will agree to open and maintain the Transaction Account which is to be held in the name of the Issuer and provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Transaction Account. The

Transaction Account Bank will pay interest on the amounts standing to the credit of the Transaction Account.

The Transaction Account Bank has, subject to the terms of the Transaction Account Agreement, agreed to comply with any directions given by the Servicer in relation to the management of the Transaction Account. The Transaction Account Bank will receive a fee payable by the Issuer.

The Transaction Account Agreement is governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Security Deed

As continuing security for the payment or discharge of the Secured Amounts, and subject always to the right of redemption of the Issuer, the Issuer has, with full title guarantee, created in favour of the Trustee, for itself and on trust for the Secured Creditors, in accordance with the terms of the Security Deed:

- (a) (to the extent not subject to the Statutory Pledge) a first fixed charge over the benefit of each Complementary Asset (which may take effect as a floating charge);
- (b) a first fixed charge over the benefit of the Transaction Account to the extent such account is maintained in England (which may take effect as a floating charge); and
- (c) an assignment by way of security of the benefit of each Transaction Document governed by English law (other than the Trust Deed and the Security Deed (the "**Trust Documents**") and the Dealer Agreement).

The Security Deed is to be governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Trust Deed

The Covered Bonds are constituted by the Trust Deed. The Conditions and the forms of the Covered Bonds are set out in the Trust Deed. The Trustee shall act as trustee for the Covered Bondholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Trustee together with payment of any liabilities incurred by the Trustee in relation to the Trustee's performance of its obligations under the Trust Deed.

The Trustee from time to time may retire at any time upon giving not less than three calendar months' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any Liabilities occasioned by such retirement. The retirement of the Trustee shall not become effective unless there remains a trustee in office after such retirement. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, it shall use its best endeavours to procure a new trustee, being a trust corporation, to be appointed. If the Issuer has not procured the appointment of a new trustee prior to the expiry of the Trustee's notice of retirement, the Trustee is entitled to procure forthwith a new trustee, being a trust corporation.

The Trust Deed is governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Interest Rate Swap Agreements

Some of the Loan Assets in the Cover Pool from time to time will pay a variable interest rate 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. Other Loan Assets will pay a fixed interest rate for a period of time. However, the payments to be made by the Issuer under each of the Covered Bond Swap Agreements may be based on EURIBOR for one-month Euro deposits. 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 Bonds or the Covered Bond Swap Agreements,

the Issuer and a provider of the interest rate swap (the "**Interest Rate Swap Provider**") may enter into an Interest Rate Swap Agreement in respect of each Series of Covered Bonds.

Currency Swap Agreements

Payments received from the Loan Assets in the Cover Pool may be denominated in a currency different from the payments to be made by the Issuer under the Covered Bonds. To provide a hedge against this mismatch the Issuer and a provider of the currency swap (the "**Currency Swap Provider**") may enter into a Currency Swap Agreement in respect of each Series of Covered Bonds.

Covered Bond Swap Agreements

The Issuer may enter into one or more Covered Bond Swap Agreements with one or more covered bond swap providers (the "**Covered Bond Swap Providers**"). Each Covered Bond Swap Agreement may be either a Forward Starting Covered Bond Swap or a Non-Forward Starting Covered Bond Swap (together the "**Covered Bond Swap Agreements**").

Each Forward Starting Covered Bond Swap will provide a hedge (after the occurrence of an Issuer Event which is continuing) against certain interest rate, currency and/or other risks in respect of amounts received by the Issuer under the Loans and the Interest Rate Swap Agreements (if any) and amounts payable by the Issuer under the Covered Bonds (a "**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 the Interest Rate Swap Agreements (if any) and amounts payable by the Issuer under the Covered Bonds (a "**Non-Forward Starting Covered Bond Swap**").

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(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 would be payable by the Issuer in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Issuer will periodically pay to the Covered Bond Swap Provider an amount in Euro 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 Non Forward Starting Covered Bond Swaps on the relevant Issue Date, the Issuer will (in respect of a Series or Tranche 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, 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 under the relevant Series or Tranche of Covered Bonds. In return, the Issuer 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.

Common Terms of Hedging Agreements

Early Termination

Each Hedging Agreement may be terminated early by the non-defaulting or non-affected party or either party, as applicable, including upon but not limited to the occurrence of certain events with respect to either party to the relevant Hedging Agreement, including insolvency (save in respect of the Issuer), failure by either party to make payment when due (subject to cure periods and deferral) or changes in law resulting in illegality.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Terms and Conditions, the Covered Bond Swap Agreement(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 Programme Payment Date for the sale of Selected Loans; and
- (b) the purchase price to be paid for any Covered Bonds purchased by the Issuer in accordance with Condition 8.8 (*Purchases*).

In the event that any Loan Assets in the Cover Pool are sold, the Interest Rate Swap Agreement(s) and/or Currency Swap Agreement(s) in connection with such Loan Assets will terminate or partially terminate, as the case may be.

Upon the termination of an Interest Rate Swap Agreement or Currency Swap Agreement, the Hedging Counterparty or the Issuer may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement or Currency Swap Agreement.

Hedging Counterparty: Downgrade Event

If the ratings of the Hedging Counterparty fall below the relevant ratings (if any) specified (in accordance with the requirements of the Rating Agencies) in the Hedging Agreements, at any time, then the Hedging Counterparty will be required within the time period specified in the relevant Hedging Agreement to take certain remedial measures as set out in the Hedging Agreements which include:

- (i) where permitted, the posting of collateral in an amount or value determined in accordance with the relevant swap collateral guidelines specified in the Hedging Agreements;
- (ii) the provision of a guarantee of a third party or procurement of a co-obligor with the ratings specified in the relevant Hedging Agreement;
- (iii) the transfer of all its rights and obligations under the relevant Hedging Agreement to a replacement third party (which may include any affiliate of the Hedging Counterparty) with the ratings specified in the relevant Hedging Agreement; or
- (iv) such other action as the Hedging Counterparty may agree with any relevant Rating Agency so as to result in any Covered Bond then outstanding, following the taking of such other action, not being rated lower than the rating of such Covered Bond immediately prior to the downgrade of the Hedging Counterparty by such Rating Agency.

If the Hedging Counterparty fails to take one of the above-mentioned remedial measures within the time prescribed, then the Issuer will, subject to certain conditions, be entitled to terminate the relevant Hedging Agreement.

Collateral

In the event that the Hedging Counterparty posts collateral, that collateral will be credited to the relevant Hedge Collateral Ledger. Collateral and income arising from such collateral will be applied solely in returning collateral or paying income attributable to such collateral to the relevant Hedging Counterparty. Any Excess Hedge Collateral will be paid directly to the relevant Hedging Counterparty and not in accordance with the Payments Priorities.

"Excess Hedge Collateral" means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Hedging Counterparty to the Issuer in respect of the relevant Hedging Counterparty's obligations to transfer collateral to the Issuer under the relevant Hedging Agreement (as a result of the ratings downgrade provisions in that Hedging Agreement), which is in excess of that Hedging Counterparty's liability to the Issuer under the relevant Hedging Agreement as at the date of termination of the transaction under that Hedging Agreement, or which the relevant Hedging Counterparty is otherwise entitled to have returned to it under the terms of the relevant Hedging Agreement.

Withholding Tax

If withholding taxes are imposed on payments made by any Hedging Counterparty to the Issuer under a Covered Bond Swap Agreement, the Hedging Counterparty shall always be obliged to gross up those payments. If withholding taxes are imposed on payments made by the Issuer to the Hedging Counterparty under a Covered Bond Swap Agreement, the Issuer shall not be obliged to gross up those payments.

Transfer

The Hedging Counterparties may transfer all its interest and obligations in and under the relevant Hedging Agreement to a transferee with the minimum ratings required by each of the Rating Agencies, without any prior written consent of the Trustee, subject to certain conditions, including, in certain circumstances, confirmation from the Rating Agencies that the then current ratings of the relevant Series of the Covered Bonds will not be adversely affected.

Governing Law

The Hedging Agreements will be governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

TAXATION

The following is a general description of certain tax considerations in Cyprus relating to the Covered Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Covered Bonds, whether in those countries or elsewhere. Prospective purchasers of Covered Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Cyprus tax legislations provisions

Income Tax

Under the Cyprus Income Tax Law an individual who is a tax resident of Cyprus is taxed on all income accrued or derived from all sources in Cyprus and abroad. Individuals who are not tax resident of Cyprus are taxed on certain income accrued or derived from sources in Cyprus only. An individual is a tax resident in Cyprus if he/she spends more than 183 days in any one calendar year.

Under the Cyprus Tax Law a company which is a tax resident of Cyprus is taxed on its income accrued or derived from all sources in Cyprus and abroad. A non-Cyprus tax resident company is taxed on income accrued or derived from a business activity which is carried out through a permanent establishment in Cyprus and on certain income arising from sources in Cyprus. A company is resident of Cyprus if it is managed and controlled in Cyprus.

Under Cypriot tax laws as of the date hereof, no Cypriot withholding tax shall be imposed in relation to payments of principal or interest made to Covered Bondholders by a Paying Agent of the Issuer should the holder individual or a company of such Covered Bonds not be a tax resident of Cyprus.

Payments of interest in respect of the Covered Bonds to Covered Bondholders being tax residents of Cyprus, whether individuals or companies, shall be subject to withholding tax at a tax rate of 10 per cent unless the company Covered Bondholder earns such interest within the normal course of its business. Such companies should themselves inform the Paying Agent accordingly. If a payment is made by a Paying Agent in Cyprus, such Agent is liable to make the relevant withholding. Individuals will have no further tax liability in respect of these payments whereas companies will have to declare these payments in their annual tax return, offsetting tax withheld as above with the tax imposed according to the applicable tax rate. The Issuer shall at all times maintain a Paying Agent operating in a European Union member state, other than Cyprus, who will not be obliged to withhold Cypriot withholding tax.

Cyprus tax resident Provident funds as well as the Public Social Insurance Fund are subject to defence contributions at the flat reduced rate of 3% on their interest incomes.

Capital gains

According to the Income Tax Law 118(I)/2002, as amended, “gain on sale of titles” is exempt from Cyprus. “Titles” under article 2 of the Law and relevant circulars issued by the Inland Revenue Department on 17/12/2008 and 29/05/2009, means shares (common, founder’s and preferred), bonds, debentures, founders and other securities of companies or other legal persons which are legally incorporated in Cyprus or abroad and rights of titles as well as the following investment products: short positions on titles, futures / forwards on titles, swaps on titles, depositary receipts on titles such as ADRs and GDRs, conditional Repos on titles, units in open-end or close-end collective investment schemes, International Collective Investment Schemes - ICIS, Undertakings for Collective Investments in Transferable Securities - UCITS, Investment Trusts, Investment Funds, Mutual Funds, Unit Trusts, Real Estate Investment Trusts, participations in the share capital of companies provided that they are not transparent entities for tax purposes on income and participations in security indices only for cases representing securities. Note that the circular dated 29/05/2009 clarifies that “Promissory notes” and “Bills of exchange” do not fall under the term “Securities”.

Value Added Tax

Cyprus introduced Value Added Tax (VAT) in July 1992 by Law 246/90 and in 2000, Value Added Tax Law 95(I)/2000 was introduced with effective date 1 February 2002 along with several Regulations harmonizing Cypriot VAT system with that of the European Union. As from 1st May 2004 the VAT Legislation (Law and Regulations) were amended in order to incorporate the necessary provisions regarding intercommunity transactions (in view of Cyprus accession into the EU) as well as the applicable community acquis in the field of VAT in force as at that date. Cyprus's VAT legislation is fully harmonized with the European Union's Council Directive 2006/112.

Value Added Tax is imposed on every taxable supply of goods or services that is on every supply of goods or services for which Cyprus has the taxing rights by a taxable person in the course or furtherance of any business carried on by him, which is not exempt from VAT in accordance with the provisions of the Law. Additionally, import VAT is charged on the importation of goods into the Republic of Cyprus from non EU countries at the time of clearing the goods from Customs and Excise Authorities. No VAT is imposed with regards to acquisition of goods from other Member States by VAT registered persons in Cyprus. In such a case the person acquiring the goods must account for VAT using the acquisition accounting method. This involves a simple accounting entry in the books of the business whereby he self-charges VAT and at the same time claims it back if it relates to taxable supplies thereby creating no cost to the business. In cases where the acquisition relates to an exempt transaction, the taxable person must pay the VAT that corresponds to the acquisition. Since accession to the European Union, Cyprus has levied VAT at a standard rate of 15%, but reduced rates (5% and 8%) and zero (o) rates are also applicable to certain transactions.

Death Duties and Taxation on Gifts

The Estate Duty (Amending) Law of 2000 abolished any form of succession tax on the deaths of persons domiciled in Cyprus occurring on or after 1 January 2000. As such there are no taxes on death or on lifetime gifts.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State, including Belgium from 1 January 2010 is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Cyprus has transposed the said Directive into its legislation by virtue of the provisions of the Assessment and Collection of Taxes (Amendment) Law 146(I) of 2004. Pursuant to this law, the Council of Ministers issued the Assessment and Collection of Taxes (Provision of Information Regarding Interest Payments) Regulations of 2005. These regulations impose Directive standards on economic operators making EU cross-border savings interest payments to individuals resident in (i) other EU Member States, (ii) certain associated or dependant territories of EU Member States, (iii) certain other States with which the European Union has concluded relevant agreements, such as automatic reporting to the tax authorities of the other EU Member States of (a) the individual's identity and permanent address, (b) the name and address of the paying agent and (c) bank account details.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

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 the Dealer Agreement. 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 Dealer 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.

United States

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or 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. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it has not offered and sold, and will not offer, sell or deliver Covered Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer(s) (or, in the case of an issue of Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Covered Bonds are a part), within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each dealer to which it sells Covered Bonds of such Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering of such Covered Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Each issuance of Index Linked Interest Covered Bonds or Dual Currency Covered Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Covered Bonds, which additional selling restrictions shall be set out in the applicable Final Terms.

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, warrant 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) if the Final Terms or any supplemental prospectus in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date

of publication of a prospectus in relation to such Covered Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a supplemental prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable;

- (b) at any time to legal entities which are qualified investors as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the "**Prospectus Directive**" in that Member State and Prospectus Directive 2003/71/EC means "**Prospectus Directive**" and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Covered Bonds having a maturity of less than one year :
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
 - (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Cyprus

Each Dealer has represented, warranted and agreed that :

- (a) *Offer in Cyprus*: in relation to the Covered Bonds (i) it has not offered or sold and will not offer or sell any Covered Bonds and (ii) copies of the Base Prospectus or any offering material relating to the Covered Bonds has not and will not be circulated or distributed or caused to be distributed or circulated directly or indirectly in Cyprus in contravention of the Public Offer and Prospectus Law L. 114 (I) /2005 of Cyprus (as may be amended from time to time).
- (b) *General Compliance*: it has complied and will comply with all applicable provisions of:
 - (i) the Investment Services and Activities and Regulates Markets Law 2007 L. 144(I)/2007 (as may be amended from time to time) , and has not and will not provide any “Investment Services” or “Ancillary Services” or perform any “Investment Activities” (as such terms are defined in L. 144 (I)/2007) from or in within Cyprus in relation to the Covered Bonds and has not and will not provide any Investment Services or Ancillary Services to residents or persons domiciled in Cyprus in each case in contravention with applicable Cyprus Law and/ or any applicable regulation or directive or circulars adopted pursuant thereto or in relation thereto;
 - (ii) the Insider Dealing and Market Manipulation (Market Abuse) Law of 2005 L. 116 (I) /2005 (as may be amended from time to time) and/ or any applicable regulation or directive or circulars adopted pursuant thereto or in relation thereto with respect to anything done by it in relation to any Covered Bonds or the Programme;
 - (iii) the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law of 2007 L. 190 (I) /2007 (as may be amended from time to time) and/ or any applicable regulations or directive or circulars adopted pursuant thereto or in relation thereto with respect to anything done by it in relation to any Covered Bonds or the Programme;
 - (iv) the Public Offer and Prospectus Law L. 114 (I) /2005 of Cyprus (as may be amended from time to time) and/ or any applicable regulations or directives or circulars adopted pursuant thereto or in relation thereto with respect to anything done by it in relation to any Covered Bonds or the Programme.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Covered Bonds) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

1 Authorisations

The establishment of the Programme and the issuance of Covered Bonds have been duly authorised by a resolution of the Board of Directors of the Issuer dated 28 February 2011 and by a resolution of the Executive Committee of the Issuer dated 17 May 2011.

2 Post issuance information

The Issuer will provide Investor Reports which will contain information regarding the Covered Bonds and the Cover Pool Assets, including statistics relating to the financial performance of the Cover Pool Assets. Such reports will be available to the prospective investors in the Covered Bonds and to Covered Bondholders on Bloomberg and on the websites:

<http://getinvestorreporting.bnymellon.com/home.jsp>

<http://www.marfinbank.gr/EN/InvestorsUpdate/DebtInvestors/%CE%99nvestorReportRMCBP/Pages/Home.aspx>

3 Litigation

Save as disclosed in this Base Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had, during the 12 months prior to the date of this Base Prospectus a significant effect on the Issuer's financial position or profitability.

4 No significant or material change

There has been no material adverse change, or any development reasonably likely to involve material adverse change, in the prospects or financial or trading position of the Issuer since 31 December 2009.

5 Documents available for inspection

For so long as any Covered Bonds are outstanding, copies of the following documents will be available for physical inspection from the registered office of the Issuer and from the specified office, for the time being in London, of the Principal Paying Agent:

- (a) the constitutional documents of the Issuer;
- (b) the auditors' report and financial statements of the Issuer in respect of the financial year ended 31 December 2010 (with an English translation thereof);
- (c) the auditors' report and financial statements of the Issuer in respect of the financial year ended 31 December 2009 (with an English translation thereof);
- (d) the Dealer Agreement;
- (e) the Servicing Deed;
- (f) the Trust Deed;
- (g) the Security Deed;
- (h) the Agency Agreement;
- (i) the Covered Bond Monitor Agreement;
- (j) the Transaction Account Agreement;
- (k) the Master Execution Deed;

- (l) the Closing Arrangements Deed;
- (m) Incorporated Terms Memorandum;
- (n) a copy of this Base Prospectus; and
- (o) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Covered Bond which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Covered Bonds and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

6 Clearing Systems

Covered Bonds may be accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche 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 SA/NV, 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.

7 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.

8 Passporting

The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in Ireland to be issued by the Central Bank of Ireland to the competent authority in any Member State.

INDEX OF DEFINED TERMS

€ ii		CRA Regulation.....	1
Accrual Yield	40	Credit Institutions Insolvency Directive	33
Additional Business Centre(s).....	40	Currency Swap Agreements.....	42
Additional Cover Pool Assets	10	Currency Swap Provider	43
Additional Financial Centre(s)	40	Cypriot Charged Property	43
adjusted.....	58	D1	58
Adjusted Outstanding Principal Balance.....	40	D2	58
Agency Agreement.....	41	Day Count Fraction.....	57
Agent.....	41	Dealer.....	1
Agents.....	41	Dealer Agreement.....	43
Aggregate Adjusted Outstanding Principal Balance	41	Dealers	43
Amortised Face Amount.....	61	Defaulted Loan Asset.....	131
Arrangers.....	1	Definitive Covered Bonds.....	43
Arrears of Interest.....	41	Determination Date.....	43
Asset Monitor Agreement	42	Determination Period	43
Auditors.....	41	Directive	4, 43
Bank	95	Dual Currency Interest Covered Bonds	3, 43
Base Prospectus.....	1	Early Redemption Amount	61
Basic Collateralisation.....	14	ECB.....	36
Basic Cover Net Present Value	12, 92	Eligibility Criteria	10, 129
Bearer Bonds	36, 41	EMU	ii
Bond Certificate	52	Enforcement Procedures	131
Bond Coverage Test	11	English Charged Property	43
Bond Percentage.....	11	English Security	43
Borrower.....	133	ESN.....	109
business day.....	52	EUR	ii
Business Day.....	56	EURIBOR.....	54
Business Day Convention.....	56	euro	ii, 43
Calculation Agent.....	1, 41	Euro Equivalent	43
Calculation Amount	41	Euroclear.....	43
Calculation Date	41	Eurosystem.....	36, 37
Capitalised Arrears	41	Event of Default.....	6, 43
Capitalised Expenses	41	Excess Hedge Collateral	137
Central Bank.....	1	Exchange Date	36
Charged Property.....	41	Exchange Event	36, 37
Clearing System	42	Expenses	19
Clearstream, Luxembourg	42	Extended Final Maturity Date.....	5, 43
Closing Arrangements Deed.....	42	Extraordinary Resolution	43
Collections.....	131	Final Maturity Date.....	5, 43
Conditions	i, 42, 73	Final Redemption Amount.....	5, 43
continuing.....	42	Final Terms	i, 43
Contractual Overcollateralisation	14	Fitch	43
Coupon Sheet	65	Fixed Coupon Amount.....	44
Couponholder	51	Fixed Rate Covered Bonds	3, 44
Couponholders.....	42	Floating Rate Convention	56
Coupons.....	42	Floating Rate Covered Bonds	3, 44
Cover Pool.....	42	Following Business Day Convention.....	57
Cover Pool Asset.....	9, 42	Forward Starting Covered Bond Swap	136
Covered Bond Business Administrator	42	FSMA	142
Covered Bond Legislation.....	4, 42	Global Covered Bonds.....	44
Covered Bond Monitor.....	1, 42	Global Finance.....	106
Covered Bond Swap Agreements.....	42, 136	Global Registered Bond.....	37, 44
Covered Bond Swap Provider	42	Group	73
Covered Bond Swap Providers.....	136	Hedge Collateral Ledger	44
Covered Bondholder.....	42, 51, 52	Hedge Collateral Ledgers	18
Covered Bonds	42	Hedging Agreements	21
Covered Pool Register.....	9	Hedging Counterparties	1
		Hedging Counterparty.....	1, 44

Holder.....	51, 52	Modified Following Business Day Convention	57
Incorporated Terms Memorandum.....	44	Moody's.....	47
Indebtedness.....	44	MPB.....	95
Index Linked Interest Covered Bonds.....	3, 44	MTB.....	111
Indexed Valuation.....	44	New Safekeeping Structure.....	37
Individual Covered Bond Certificates.....	37	NGN.....	36
Initial Advance.....	44	No Adjustment.....	57
Instalment Amount.....	61	Non Forward Starting Covered Bond Swap.....	136
Instalment Covered Bonds.....	44	Non-exempt Offer.....	141
Instalment Date.....	61	not adjusted.....	59
Instrument.....	44	Notice of Default.....	47
Instrumentholders.....	44	Notices Condition.....	47
Instruments.....	44	NSS.....	37
Interest Amount.....	45	Operating Procedures.....	131
Interest Commencement Date.....	45	Optional Redemption Amount.....	47
Interest Determination Date.....	45	Optional Redemption Date.....	47
Interest Payment Date.....	45	Outstanding Principal Balance.....	47
Interest Period.....	45	Participating Member State.....	47
Interest Rate.....	45	Partly Paid Covered Bonds.....	4, 47
Interest Rate Swap Agreements.....	45	Paying Agents.....	47
Interest Rate Swap Provider.....	45, 136	payment business day.....	64
Investor Put.....	60	Payments Priorities.....	47
Investor Report.....	21	Permanent Global Covered Bond.....	36
Investor Report Date.....	21	Permanent Global Covered Bonds.....	47
Investor's Currency.....	25	Person.....	47
ISDA Definitions.....	45	Post Event of Default Priority of Payments.....	21, 47
Issue Date.....	2, 45	Preceding Business Day Convention.....	57
Issue Price.....	2, 45	Principal Amount Outstanding.....	47
Issuer.....	1, 45	Principal Financial Centre.....	48
Issuer Call.....	60	Principal Paying Agent.....	1, 48
Issuer Event.....	15, 66	Programme.....	1, 48
Issuer Insolvency Event.....	45	Programme Closing Date.....	48
Issuer Standard Variable Rate.....	135	Programme Payment Date.....	48
Late Payment.....	62	Programme Payment Date Payments Priorities	19, 48
Law.....	4, 46	Property.....	48
LBM.....	111	Prospectus Directive.....	1, 73
Lending Criteria.....	123	Prudent Lender.....	123
Liabilities.....	46	Put Notice.....	60
LIBOR.....	54	Rating Agencies.....	48
Listing Agent.....	1	Rating Agency Confirmation.....	48
Loan Asset Agreement.....	131	Receiptholders.....	48
Loan Assets.....	9	Receipts.....	48
Loan in Arrears.....	131	Receivables.....	131
Loans.....	9, 46	Receiver.....	48
Loss.....	131	Record Date.....	65
M1.....	58	Recoveries.....	131
M2.....	58	Redeemed Covered Bonds.....	60
Marfin Popular Bank.....	95	Redemption Amount.....	48
Margin.....	3, 46	Reference Banks.....	48
Master Execution Deed.....	46	Reference Price.....	48
Maximum Interest Rate.....	46	Reference Rate.....	48
Maximum Redemption Amount.....	46	Registered Bonds.....	48
MCLR.....	108	Registrar.....	1, 48
MCLRFS.....	108	Regulated Market.....	48
Meeting.....	46	Regulation S.....	i
Member State.....	ii	Related Security.....	9
Merger.....	95	Relevant Date.....	49, 66
Minimum Interest Rate.....	47		
Minimum Redemption Amount.....	47		

relevant Dealer	1	Stock Exchange.....	50
Relevant Factor.....	26	sub unit.....	59
Relevant Financial Centre	49	Substituted Obligor	72
Relevant Implementation Date	141	Supervisory Overcollateralisation.....	14
Relevant Member State	ii, 73, 141	Swap Rate	50
Relevant Time	49	Synergatis Plc	119
Remortgaged Loans.....	131	Talons	50
Rescheduled Loan	131	TARGET Settlement Day	50
Revenue Ledger.....	18	TARGET2.....	50
Rosprombank	112	Tax	50
Screen Rate Determination.....	49	Temporary Global Covered Bond.....	36
Secured Amount	49	Temporary Global Covered Bonds	50
Secured Creditors	49	Test Event	15, 50
Securities Act	i	Tranche	50
Security.....	49	Transaction Account	18, 51
Security Deed	49	Transaction Account Agreement	51
Selection Date	60	Transaction Account Bank.....	1, 51
Series	49	Transaction Documents	51
Servicer.....	1, 50	Transaction Parties.....	51
Servicer Events.....	128	Transfer Agent	1, 51
Services	128	Treaty	51
Servicing Deed	50	Trust Deed.....	51
Special Transaction Account.....	18	Trust Documents	51, 135
Specified Currency	3, 50	Trustee	1, 51
Specified Denomination(s).....	50	Variable Interest Covered Bonds	3, 51
Specified Interest Payment Date.....	50	Y1	58
Specified Period	50	Y2	58
Statutory Pledge	4, 50	Zero Coupon Covered Bonds.....	4, 51
Statutory Tests.....	11, 50		

REGISTERED OFFICE OF THE ISSUER

Marfin Popular Bank Public Co Ltd

154 Limassol Avenue
2025 Nicosia
Republic of Cyprus

ARRANGERS

Marfin Popular Bank Public Co Ltd

154 Limassol Avenue
2025 Nicosia
Republic of Cyprus

BNP Paribas, London Branch

10 Harewood Avenue
London
NW1 6AA

TRUSTEE

BNY Mellon Corporate Trustee Services Limited

One Canada Square
London E14 5AL
UK

**PRINCIPAL PAYING AGENT, CALCULATION
AGENT, TRANSFER AGENT AND TRANSACTION
ACCOUNT BANK**

The Bank of New York Mellon, London Branch

One Canada Square
40th Floor
London, E14 5AL
UK

LISTING AGENT

The Bank of New York Mellon (Ireland) Limited

Hanover Building
Windmill Lane
Dublin 2 Ireland

REGISTRAR

The Bank of New York Mellon (Luxembourg) S.A.

Aerogolf Center
1A Hoehenhof
L 1736 Senningerberg
Luxembourg

LEGAL ADVISERS

To the Arrangers as to English law

Clifford Chance LLP

10 Upper Bank Street
London E14 5JJ
UK

To the Issuer as to Cypriot Law

Ioannides Demetriou LLC, Law Offices

2 Diagorou Street, ERA House
Floors 7-12, 1097 Nicosia, Cyprus
P.O. Box 20106, 1601 Nicosia, Cyprus

To the Trustee as to English law

Clifford Chance LLP

10 Upper Bank Street
London E14 5JJ
UK

AUDITORS TO THE ISSUER

PricewaterhouseCoopers Limited

Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P.O.Box 21612
CY-1591 Nicosia Cyprus

Grant Thornton (Cyprus) Limited

41-49 Agiou Nicolaou Street
Nimeli Court – Block C
2408 Engomi, Nicosia
P.O.Box 23907, 1687 Nicosia Cyprus