

APPROVED
BY THE RESOLUTION OF
THE GENERAL SHAREHOLDERS MEETING
OF JSC PIRAEUS BANK ICB
Minutes # 1/04 dated 24 April 2014
Chairperson of the General Shareholders Meeting
_____ /Vyacheslav Koval/

**BYLAW
ON THE AUDIT COMMITTEE
OF PUBLIC JOINT STOCK COMPANY “PIRAEUS BANK ICB”
(NEW EDITION)**

Kyiv – 2014

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This Charter has been developed having taken into consideration the local Law provisions (Law of Ukraine “On Banks and Banking”, “On Joint Stock Companies”, “On Securities and Stock Market”, the Civil Code of Ukraine, regulations and instructions of the National Bank of Ukraine and other enactments and by-laws of Ukraine, which govern banking activities), the provisions of the Charter of JSC “Piraeus Bank ICB”, as well as the provisions of the Bank of Greece Governor's Act No.2577/9.3.2006 to the extent not contrary to the laws of Ukraine and internal documents of JSC “Piraeus Bank ICB”. The General Shareholders Meeting on its meeting dated 24.04.2014 has approved the amendments on the Charter of the Audit Committee.

1. Introduction

- The Audit Committee ("the Committee") is a body of JSC “Piraeus Bank ICB” ("the Bank") and reports to the General Shareholders Meeting of the Bank.
- The present Charter has been issued in compliance with the legislative and regulatory framework, as applicable. Additionally, it is in compliance with the Institute of the Internal Auditors (IIA) standards and practices.
- The Charter is reviewed at least on an annual basis by the Committee and may be amended only by a decision of the General Shareholders Meeting.
- The communication of the Audit Committee with Management and the Piraeus Bank Group is conducted through the Chairman of the Audit Committee.

2. Mission

The Committee's mission is to carry out control over financial and business activities of the Bank, and to assist the General Shareholders Meeting in fulfilling its oversight responsibilities for matters that primarily concern:

- Compliance with the Ukrainian law and statutory acts of the National Bank of Ukraine.
- Review of the reports prepared by internal and external auditors and preparation of the relevant proposals addressed to the General Shareholders Meeting.
- Proposals concerned with any issues, which fall within the Audit Committee’s terms of reference and are related to the Bank’s financial security and stability and customer interest protection to the General Shareholders Meeting or the Bank’s Supervisory Board.
- The Internal Control System in the Bank,
- The financial reporting process, including the preparation of annual and interim financial statements,
- Proposals to the Supervisory Board (“the Board”) as regards appointment of the external auditors,
- The Internal Audit Division,
- The oversight of the Compliance Division, especially relating to AML, regulatory reporting, and

- The compliance with the Code of Conduct adopted by the Group

The Chairman of the Committee informs the Board about the Committee's activities within the Board meetings.

3. Authority

The Committee within its role and responsibilities has been empowered by the Board to:

3.1. Request and obtain information or any other assistance it considers necessary within its scope of responsibility, from any:

- Collective body, officer or employee of the Bank,
- Third parties working with the Bank,
- Responsible Authority.

3.2. Ask any officer or employee of the Bank or third parties working with the Bank to attend to its meetings, as deems necessary.

3.3. Have access to any type of data or information of the Bank it considers necessary within its scope of responsibility.

3.4. Use any type of means and resources it considers necessary to successfully carry out its mission, including retaining independent counsel, accountants or others to advise the Committee, after notifying accordingly the Management of the Bank.

3.5 Notify to the Board of any limitation that may be posed to the Committee in exercising its duties.

3.6 Submit proposals with regard to the agenda of the General Shareholders Meeting and request that an extraordinary General Shareholders Meeting be convened. The Audit Committee members are entitled to attend meetings of the Bank's Supervisory Board and the Management Board and take part in discussions focused on the agenda items with the right of advisory vote.

4. Operations and Organization of the Committee

4.1. Duration and rotation of its members: The Members and the Chair of the Committee are appointed by the General Shareholders Meeting, after proposal of the Board which is responsible for the appointment of properly qualified persons, for a three (3) year period. The Members of the Committee can be re-appointed. If a Member of the Committee resigns or leaves, then the General Shareholders Meeting elects a suitable replacement.

4.2. Composition: The Committee consists of at least three and no more than six members. Members of the Bank's Supervisory Board, the Management Board or employees of the Bank shall not be entitled to be members of the Audit Committee. The Chairman of the Committee will not simultaneously serve as Chairman of the Risk Committee.

4.3. Attributes for the Committee Members

- Subject Matter Competence.

The Chairman should possess the knowledge and experience necessary to effectively oversee the auditing and accounting matters that are under the oversight responsibility of the Committee while the Committee should collectively possess the competences and experience in the area of auditing and accounting to effectively fulfill its duties.

- *Objectivity and Independence*

In case a particular relationship or event is likely to affect or could be perceived that would affect the independence and objectivity of a Committee Member, the Chairman of the Committee must immediately notify in written (including electronic mail) the Chairman of the Board

- *Compliance with Code of Conduct and with the Required Disclosures*

Prerequisite for becoming and remaining as a Committee Member is the continuous conformity of that Member with the Code of Conduct of the Group and the accurate disclosure of all relationships he/she has, as described in the relevant declaration forms (Appendices II & III, which are an integral part of this Charter).

4.4 Executive Secretary: The Committee is assisted by an Executive Secretary and Secretary, who are appointed by the Committee.

Upon the appointment of each Committee member, the Executive Secretary provides them with a set of the applicable declarations (Appendices II & III) related to the Code of Conduct of the Group, the disclosures required to be made and the Charter outlining their duties and commitments under their capacity as members of the Audit Committee. The declarations are signed by the Committee members, kept by the Executive Secretary and updated annually. If any Member refused to sign the aforementioned declarations, the Chairman or the Executive Secretary of the Committee is obliged to inform the Chairman of the Board and the Member would be immediately replaced.

5. Meetings - Decisions of the Committee

5.1. The Committee meetings are held at least on a quarterly basis, at the end of each calendar quarter. Extraordinary meetings of the Committee may be convened, as deemed necessary.

5.2. Each Member can request in writing from the Chairman of the Committee to convene a Committee meeting in order to discuss issues of specific interest. The same applies to the Chairman of the Board, Chairman of the Management Board, the Head of Internal audit and the external auditors or shareholders that own more than 10% of votes.

5.3. Committee meetings cover the items of the Agenda, which are communicated by the Executive Secretary to all Committee Members at least 3 working days in advance of the meeting.

5.4. If so decided by the Chairman, the Committee may take a resolution by electronic means of communication. The participation of any Member or attendee through the use of such means of communication is deemed to be valid.

5.5. The Committee takes resolutions in a meeting attended by a quorum of at least 50% of its Members.

5.6. The voting right is vested solely to the Members of the Committee. All decisions are taken by majority. In case of equality in votes, the vote of the Chairman shall prevail.

5.7. If it is not possible for a Member of the Committee to attend a meeting, he / she may provide a written mandate in order to be represented by another Member of the Committee. In such a case, the vote of the absent member is taken into account and the resolution is taken with the aforementioned majority.

5.8. The absence of any Member of the Committee from three consecutive meetings will be notified to the Board directly, either by the Chairman or by two Committee Members, other than the Chair. The Board may propose to the Shareholders General Meeting replacement of that member, considering the clarifications given by the member to the Chairman of the Board with regard to his/her absence.

5.9. All meetings are supported by written official minutes that are validated by the Chairman of the Committee and are available within the next ten working days. The minutes and any relevant correspondence are filed under the responsibility of the Executive Secretary. The minutes of each Committee meeting are disclosed at the agenda of the Board meeting and are discussed appropriately.

5.10. Access to the minutes of the meetings is granted after prior written approval by the Chairman of the Board or the Chairman of the Committee, except for requests placed by Regulatory Supervising Authorities. The approval granted, will be filed by the Executive Secretary.

5.11. The Chairman can directly meet and discuss with the Head of Internal Audit, the CFO and the Head of the Compliance Division apart for the scheduled Committee meetings. Other members of the Committee may also be invited at such discussions, which do not constitute nor regarded as Meetings of the Committee.

6. Responsibilities

The Committee has the following responsibilities:

A. Financial Statements

The Committee oversees the preparation of annual and interim financial statements of the Bank (IFRS and Statutory) in accordance with the applicable accounting standards, before their submission to the General Shareholders Meeting for approval, in order to consider the accuracy and the completeness of the financial information and to express their opinion on the following topics:

- the review of the statutory audit of the annual and the periodic financial statements conducted by the external auditor
- any significant or unusual transaction that might have a significant impact on the financial statements
- management's estimates for the recognition of provisions and other matters for further consideration that might have a significant impact on the financial statements
- any significant adjustments on accounts proposed by the external auditor.

The General Shareholders Meeting shall not be entitled to approve annual financial statements and balance sheets of the Bank before the review and conclusions of the Audit Committee.

B. External Audit

- i. The Committee evaluates the performance of the external auditors and whenever appropriate, recommends to the Board the replacement or the rotation of the external auditors, ensuring that

such rotation will take place at least every seven years, following an open and transparent procedure.

- ii. The Committee is briefed on the external auditors' intended audit strategy to be followed, including the coordination of audit effort with the internal audit of the Bank.
- iii. The Committee ensures the independence of the external auditors of the Bank and of its subsidiaries.

The rules that apply to the services may be rendered by the external auditor are based on three basic principles, the violation of which might impair or be perceived that impairs their independence: (1) auditors cannot audit their own work; (2) auditors cannot assume management responsibilities within the Bank, and (3) auditors can provide advisory services to their clients to the extent that the provisions in paragraph *B.vii* apply. In this context, any service offered by the audit firm to the Bank other than the statutory audit, must be notified to the Committee and get a pre-approval.

Furthermore, on an annual basis, the Committee requires and receives from the external auditors the following:

- A written confirmation by them, regarding their independence towards the Bank;
 - A written report on all, other than statutory audit, services provided to the Bank.
- iv. The Committee is notified by the external auditors for any problems or identified weaknesses of the ICS that has come to their attention during the statutory audit of the financial statements according to the International Accounting Standards and the best practices.
 - v. Where Committee deems necessary, requests from Board and from Management conduction of additional audits, either by the external auditors or by other specialized consultants.
 - vi. The Committee is notified by the external auditors of any limitation that may have been posed to them in exercising their audit work. The Committee evaluates the objectivity and the independence of the external auditor's team.
 - vii. Committee reviews and pre-approves all auditing and non-audit services in order to ensure the objectivity and the independence of the external auditor, taking into account all relevant and applicable regulations regarding this matter.

C. Internal Audit, Internal Control System

- i. The Committee monitors and on an annual basis evaluates the adequacy and the effectiveness of the Internal Control System ("ICS") of the Bank, based on data and information provided to the Committee by the Internal Audit, the external auditors and the supervising authorities.

The Committee evaluates ICS's operation based on relevant data and information included in quarterly and annual reports prepared by Internal Audit Division.

The Committee reviews the effectiveness of the system adopted by the Bank to ensure compliance with laws, rules and Regulations and assigns to Internal Audit Division the investigation in cases of non-compliance.

- ii. The Committee submits to the Board for approval, the Annual Report on the assessment of the ICS of the Bank.

- iii. The Committee submits recommendations to the Board for rectifying the identified weaknesses of the ICS and the monitoring, with the assistance of Internal Audit, of the implementation of the appropriate remediative measures (follow-up).
- iv. Evaluates the internal audit activity with emphasis on matters regarding independence and objectivity, quality of work, scope of the audits performed, setting of audit priorities in relation to the level of risks and the effectiveness of the audit operations in general.

With respect to the internal audit, the Committee ensures and safeguards:

- Its independent operation.
- Its unrestricted access to all bank activities, divisions and areas as well as to data and information of any form (books, documents, records, bank accounts, portfolios, etc.)
- Its unimpeded communication with any staff, bodies or personnel of the Bank; and
- Its ability to request and receive from any member all information and clarifications required, necessary to fulfill its mission in the context of the audits conducted.

In addition, the Committee, with the assistance of the senior management of the Bank, ensures that the internal audit is provided with all resources necessary to effectively and efficiently execute its approved audit plan, to monitor and evaluate the effectiveness of the ICS, with emphasis on risk management and capital, and financial control.

- v. Evaluates and submits to the Board for approval, the Internal Audit annual Action Plan. In addition, the Committee may request additional audits to be performed by the internal audit in areas that considers necessary.
- vi. Recommends to the Board the nomination of the Head of Internal Audit as well as for his/her replacement.
- vii. Appraises the annual performance of the Head of the Internal Audit.
- viii. Approves the Internal Audit Charter and its revisions, if any, for further final approval by the Board.
- ix. Ensures that appropriate procedures are in place enabling the submission of anonymous reports by the Bank employees to the Committee and to the Board for serious irregularities, omissions or offenses that may have come to their attention ("whistle blowing") as well as for their protection from potential retaliation.

D. Compliance – Code of Conduct

- i. The Committee evaluates and comments on the annual Action Plan of the Compliance Division and ensures that such plan has been appropriately prepared, considering the applicable laws and regulations.
- ii. Oversees and evaluates on an annual basis the work of the Compliance Division, taking into consideration:
 - the Annual report of Anti-Money Laundering (AML) and Antiterrorism Financing
 - the Annual report of the Compliance Officer
 - the Annual Report of the Internal Audit on the ICS of the Bank.
 - the Quarterly reports of the Compliance Division, especially on matters relating to Anti-Money Laundering (AML) and Antiterrorism Financing.
 - Any findings and recommendations from reports issued by the Authorities

- iii. The Compliance Division informs the Committee for any significant changes on regulatory compliance issues.
- iv. The Committee ensures that the Code of Conduct is properly communicated to the employees through the Bank's Network (Intranet).

7. Other responsibilities

- i. The immediate notification to the Board or/and to the Management of any event that has come to their attention, which on their opinion is likely to have a significant effect to the operations of the Bank or the Group.

8. Self-Assessment

On an annual basis, the Committee assesses its performance and submits to the General Shareholders Meeting the relevant self-evaluation report.

9. Disclaimer

Whereas the Committee has the power and duties set out in the present Charter, it does not have the obligation to plan and conduct audits or to provide assurance for the completeness and accuracy of the periodic financial reports and statements of the Bank, something that is the responsibility of Management and the external auditors of the Bank.

APPENDIX I

CURRENT AUDIT COMMITTEE COMPOSITION (according the resolution of General Shareholders Meeting No. 1/04 dd. 24.04.2013)

Chairman	George Mantakas	
Members	Panagiota Bouzounieraki	
	Arhontoula Staboliti	

Executive secretary	Christina Koutkia
Secretary	Nina Vizadinou

APPENDIX II

**JSC PIRAEUS BANK ICB
DECLARATION**

PERSONNEL COVERED BY THE CODE OF CONDUCT

Place:

Date:

I, the undersigned (full name), declare the following:

I have received:

- A copy of the Internal Regulation of **JSC Piraeus Bank ICB**
- A copy of the Audit Committee Charter and
- A copy of the Code of Conduct of Piraeus Bank Group,

I have carefully read the above documents, I have understood their content and I declare that I will continuously be in compliance with them.

I will be kept updated for any change or amendment of the above text and unless I explicitly express an objection or reservation, it will be deemed that I accept their updated content.

I have disclosed all my transactions and activities and I will timely provide additional declarations on any subsequent changes, whenever required.

The undersigned

.....
(Signature)

APPENDIX III

JSC PIRAEUS BANK ICB

DECLARATION OF INVESTMENT POSITIONS

Place:

Date:

I, the undersigned (full name), declare that I have in my possession the following investment positions in securities of listed companies, which, to the best of my knowledge, are related in any way with any prospective merger or acquisition either as targets or as a candidate purchasers or sellers or affiliated companies of Piraeus Bank ICB or any of Piraeus Bank Group companies:

No	Date of acquisition	Nature/ Description of securities	Quantity

The undersigned

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(Signature)