

APPROVED
BY THE RESOLUTION OF
THE GENERAL SHAREHOLDERS MEETING
OF JSC PIRAEUS BANK ICB
Minutes # 1/04 dated 24 April 2013
Chairperson of the General Shareholders Meeting
_____ /Vyacheslav Koval/

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

Kyiv – 2013

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The General Shareholders Meeting on 24.04.2013 (Minutes No. 1/04 dd. 24.04.2013) has approved the Charter of the Audit Committee. 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 and the Internal Operating Regulation of the Group Audit Committee to the extent not contrary to the laws of Ukraine.

1. Introduction

1.1. The Audit Committee (“the Committee”) is a committee established by the General Shareholders Meeting of JSC “Piraeus Bank ICB” (“the Bank”).

1.2. The present Charter is issued in compliance with the legislative and regulatory framework, as applicable. Unless otherwise specified herein, the relevant regulatory framework supplements the provisions of the Regulation.

1.3. The Charter is reviewed on a regular basis by the Committee and may be amended only by a decision of the General Shareholders Meeting.

1.4. The interpretation and clarifications on this Charter belongs to the power of the General Shareholders Meeting, upon a recommendation of the Chairman of the Committee (“the Chairman”).

1.5. The communication of the Audit Committee with Management and the Group is conducted through the Chairman of the Audit Committee.

2. Mission

2.1. The Committee’s mission is to carry out control over financial and business activities of the Bank, and to support the General Shareholders Meeting in fulfilling its oversight responsibility 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 procedures and the preparation of annual and interim financial statements.
- Proposals to the Supervisory Board (“the Board”) as regards selection of external (statutory) auditors.
- The monitoring of the internal audit activity.

The Chairman informs the Board about the Committee’s activity within the Board meetings.

3. Authority

The Committee is authorized within its role and responsibilities to:

3.1. Request information or any other assistance it considers necessary from any:

- Collective body, officer or employee of the Bank,
- Third party working with the Bank in the areas of its responsibility, in order to effectively exercise its role.

3.2. Ask the attendance of any officer or employee of the Bank at its meetings, as deemed necessary. The Chairman notifies the Chairman of the Management Board of the Bank when officers or employees are asked to attend the meetings. Such notification is not required for the Head of Financial Management & Business Planning, the Head of the Internal Audit and the Head of the Compliance Division, who may be invited directly by the Chairman.

3.3. Acquire access to any type of data or information of the Bank it considers necessary.

3.4. Use any resources it considers necessary to carry out its mission, including hiring of external parties, after notifying accordingly the management of the Bank.

3.5. 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. Responsibilities

Committee has the following responsibilities:

4.1. The monitoring and the evaluation on an annual basis of the adequacy and 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. It is noted that among others, the ICS also includes the Corporate Governance principles and the Code of Conduct.

4.2. The monitoring and evaluation of the procedures for financial reporting and the preparation of annual and interim financial statements of the Bank and its subsidiaries (if any), in accordance with the applicable accounting standards and the dissemination rules issued by the National Bank of Ukraine upon instruction from the General Shareholders Meeting, the Bank's Supervisory Board or at the request of a shareholder (shareholders) that cumulatively have more than 10% of votes. Based on the written statements made by the statutory auditors, the Committee assesses the accounting practices adopted by the Bank in relation to the applicable accounting standards as well as the impact of any changes in the accounting practices adopted on the financial statements. The Committee also evaluates the management assertions as well as any significant or unusual transaction that would have a significant impact on the financial statements. 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.

4.3. The monitoring and the evaluation of the statutory audit of the annual financial statements conducted by the external auditor in accordance with the applicable accounting Standards and international best practices and the periodic, at least on a quarterly basis, cooperation with them. In the

context of such cooperation, the Committee requires from the external auditors to report any deficiencies identified in the ICS during the audit of the financial statements.

4.4. The recommendation to the Board for the appointment of the external auditors, including a proposal for their remuneration. Whenever appropriate, the Committee recommends the replacement or the rotation of the external auditors.

4.5. The Committee ensures the independence of both internal and external auditors.

The rules relating to the services provided by external auditors are based on three principles, the violation of which could negatively affect their actual or perceived independence: **(1)** auditors cannot assess their own work; **(2)** auditors should not assume management responsibilities within the Bank, and **(3)** auditors should not provide their clients advisory services of significant value. In this context, any service, other than the statutory audit, offered by the audit firm to the Bank, 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 regarding their independence towards the Bank;
- A written report on all other than statutory audit services provided to the Bank, specifying the nature and the cost of such services.

4.6. The submission of recommendations to the management of the Bank for rectifying the identified weaknesses of the ICS and the monitoring, with the assistance of the Internal Audit, of the implementation of the appropriate remediative measures (follow-up).

4.7. Where deemed necessary to conduct additional audits, either by the internal auditor or the external auditors, the submission of relevant proposals to management.

4.8. The evaluation of 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 for:

- 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.
- Its ability to request and receive from any member all information and clarifications required, necessary to fulfil 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, including the adequacy of human resources.

4.9. The evaluation and submission for approval to the Board of the Internal Audit annual Action Plan and its annual Budget.

4.10. The evaluation of the adequacy and effectiveness of controls related to AML and anti-terrorism financing. In performing this assessment, the Committee takes into consideration the relevant annual report of the competent AML officer, the Annual Report of the Internal Audit and the relevant findings and recommendations reports issued by the external auditors and the Authorities.

4.11. To ensure that appropriate procedures are in place enabling the submission of anonymous reports by employees to the Committee and the Board for serious irregularities, omissions or offenses that may have come to their attention (“whistleblowing”) as well as their protection.

4.12. The recommendation to the Board for the nomination of the Head of the Internal Audit as well as for his/her replacement.

4.13. The immediate notification to the Board of any event that has come to its attention and it is likely to have a significant effect to the operations of the Bank.

4.14. The immediate notification to the Board of any limitation that may be posed to the Committee in exercising its duties.

All the above responsibilities are appropriately reflected in the relevant Minutes of the Committee, which are then submitted to the Board for notification, as well as in the Annual Report on the adequacy of the ICS, submitted for approval by the Committee to the General Shareholders Meeting.

5. Operations and Organization of the Committee

5.1. Duration and rotation of the Members: The members of the Committee are appointed by the General Shareholders Meeting for a three year period at least based on a nomination made by the Board, which is responsible for the appointment of properly qualified persons. The Chairman of the Committee is appointed by the General Shareholders Meeting. The Members of the Committee can be re-appointed.

5.2. Composition: The Committee is composed of a Chair and two Members at least. 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.

5.3. Attributes for the Committee Membership

- Subject Matter Competence.

The Committee Chairman should possess the knowledge and experience necessary to effectively oversee the auditing procedures and accounting issues that may arise, while the Committee should collectively possess the competences and experience required to effectively fulfil its duties.

- Objectivity and Independence

In case a particular relationship or event is likely to affect or may be perceived that would affect the independence and objectivity of a Committee Member, the Chairman of the Committee must immediately notify the Chairman of the Board.

- Compliance with Code of Conduct and Required Disclosures

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

5.4. Executive Secretary: The Committee is assisted by an Executive Secretary, which is appointed by the Committee.

Among other duties, upon the appointment of each Committee Member, the Executive Secretary of the Committee provides them with a set of the applicable declarations (Appendices I & II) related to the Code of Conduct of the Bank, the required disclosures and outlining their duties and commitments

under their capacity as members of the Audit Committee. These declarations are signed by the Committee members, are kept by the Executive Secretary and they are updated annually. If any member refuses to sign the aforementioned declarations, the Chairman or the Executive Secretary of the Committee informs the Chairman of the Board and the member should be immediately replaced.

6. Meetings – Decisions of the Committee

6.1. The Committee meets at least quarterly, at the end of each calendar quarter. Additional meetings may be convened if necessary.

6.2. Each Member can request in writing from the Chairman of the Committee to convene a Committee meeting in order to discuss specific issues. This same applies to the Chairman of the Board, the Chairman of the Management Board of the Bank, Top Management (i.e. the Management Board), the internal auditor and the external auditors. The Chairman assesses the importance and urgency of the issue and decides upon its discussion or not and whether an extraordinary meeting should be held for its discussion, or the issue will be included in the agenda of a subsequent scheduled Committee meeting.

6.3. Agenda items are determined by the Chairman; Committee meetings cover all agenda items, which are communicated by the Executive Secretary to all Committee Members well in advance of the meetings.

6.4. If so decided by the Chairman, the Committee may take a resolution by electronic means of communication. The participation of a member through the use of such means of communication is deemed to be valid.

6.5. The Committee takes resolutions in a meeting attended by a quorum of at least two members.

6.6. 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.

6.7. Each member may provide a written mandate in order to be represented by another member, if it is not possible to attend a meeting of the Committee. In this case the votes of the absent member are taken into account and the resolution is taken with the aforementioned majority.

6.8. The absence of any member of the Committee from three consecutive meetings will be notified to the Board directly by the Chairman, and in the absence of the Chairman by the two other Committee members and the Board will decide on the temporary replacement of that member (until the ratification of the appointment of the new member by the next Annual General Meeting), considering the clarifications given by the member to the Chairman of the Board with regard to his/her absence.

6.9. All meetings are supported by written, official minutes that are validated by the Chairman and the Executive Secretary of the Committee. 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 that follows the respective Committee meeting and are approved accordingly.

6.10. 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.

6.11. The Chairman may wish to meet with the Head of Internal Audit, where other members of the Committee may also be invited. Such meetings do not constitute Committee meetings.

7. Disclaimer

Whereas the Committee has the power and duties set out in the present Charter, 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. Similarly, the Committee does not have the obligation to conduct investigations or to resolve disputes, if any, between the management and the external auditors.

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 (in charge)	Christina Koutkia
Secretary	Nina Vizadinou

APPENDIX I

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 the Bank,
- A copy of the Audit Committee Charter and
- A copy of the Code of Conduct of the Piraeus Bank Group, dated July 2005,

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 terms and conditions of these documents are essential.

The undersigned

.....

(Signature)

APPENDIX II

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

.....

(Signature)