



Audit Committee

of

Eurobank Ergasias S.A.

TERMS OF REFERENCE

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TABLE OF CONTENTS

1. INTRODUCTION	3
2. PURPOSE.....	3
3. AUTHORITY	3
4. MEMBERSHIP.....	4
5. MEETINGS.....	5
6. DUTIES AND RESPONSIBILITIES.....	6
6.1 Internal Control System and Risk Management.....	6
6.2. Financial Reporting.....	8
6.3. External Audit.....	9
6.4. Internal Audit.....	10
6.5. Compliance	11
7. REPORTING	13
8. PERFORMANCE EVALUATION.....	14
9. FRAMEWORK OF CO-OPERATION WITH HFSF AND THE MT	14
10. OVERSIGHT OF EUROBANK SUBSIDIARIES' AUDIT COMMITTEES (WHERE APPLICABLE).....	15

1. INTRODUCTION

The Audit Committee (the Committee) of Eurobank Ergasias SA (Eurobank or the Bank) and its subsidiaries (Group) is a committee of the Board of Directors (the Board) of Eurobank.

These Terms of Reference (ToR) are drafted in accordance with international best practices and conform to the standards and practices of the Institute of Internal Auditors, the applicable laws and regulations and the Relationship Framework Agreement (RFA) between Eurobank and the Hellenic Financial Stability Fund (HFSF).

The ToR are approved by the Board and are reviewed once every two (2) years and revised if necessary, unless significant changes in the role, responsibilities, organization and / or regulatory requirements necessitate earlier revision. Revised ToR will be approved, as stated above.

2. PURPOSE

The purpose of the Committee is to assist the Board in discharging its oversight responsibilities primarily relating to:

- a. The review of the adequacy of the Internal Control and Risk Management systems and the compliance with rules and regulations monitoring process.
- b. The review of the financial reporting process and satisfaction as to the integrity of the Bank's Financial Statements.
- c. The External Auditors' selection, performance and independence.
- d. The effectiveness and performance of the Internal Audit function.
- e. The effectiveness and performance of the Compliance function.

In doing so, it is the responsibility of the Committee to provide for open communication channels between the Board, Management, Internal and External Audit and to promote communication with the appropriate Supervisory Authorities.

3. AUTHORITY

The Board authorizes the Committee, within its scope of responsibilities to:

- Conduct or authorize investigations into any and all aspects of the Bank's operations.
- Have unrestricted access to information and to members of Management and employees, who should cooperate with and support the Committee.
- Work and liaise as necessary with all other Board Committees.
- Obtain outside legal or other professional advice, as it deems necessary, provided that no conflict of interest arises. To that effect the Committee shall receive appropriate funding.

4. MEMBERSHIP

- 4.1 The members of the Committee are appointed by the Shareholders' General Meeting, upon the Board's proposal to the General Meeting, following the recommendation of the Nomination Committee to the Board.
- 4.2 The Chairperson of the Committee is appointed by the members of the Committee or by the Shareholders' General Meeting¹, while the Committee's members may also appoint a Vice Chairperson. The appointment of the Chairperson and the Vice-Chairperson shall go through the Nomination Committee's proposal process. The Chairperson must be an independent non-executive member, with adequate knowledge and solid experience in financial management, accounting and auditing.
- 4.3 The Chairperson of the Committee should not serve as the Chairperson of the Board of Directors or Chairperson of the Board's Risk Committee, while s/he should be a member of the Board's Risk Committee. Similarly, the Chairperson of the Board Risk Committee should be a member of the Audit Committee.
- 4.4 The Committee shall comprise at least of 3 members. The Committee members should not exceed 40% (rounded to the nearest integer) of total BoD members (excluding the HFSF and the Hellenic Republic Representatives). All members of the Committee should be non-executive, while 75% (rounded to the nearest integer) of the members (excluding the HFSF and the Hellenic Republic Representatives) should be independent. The Representative of the HFSF appointed to the Board, under L. 3864/2010, must also be a member of the Committee. The independent members of the Committee fulfill the requirements of local legislation (Greek Law 3016/2002).
- 4.5 The Committee as a whole must possess the skills and experience required to carry out its tasks, including knowledge of the credit institution's broader operating environment (both in Greece and abroad) and of Information Technology systems, while the majority should have competence in financial management, auditing and/or accounting.
- 4.6 The tenure of the Committee members coincides with the tenure of the Board of Directors, with the option to renew their appointment, but in any case the service in the Committee should not be more that twelve (12) years in total.
- 4.7 The Committee members should have no direct authority over and should be independent of Management.
- 4.8 The Committee's Chairperson may assign specific duties, tasks and areas of responsibility to Committee members.
- 4.9 The members of the Committee may participate in other committees of the Bank's Board and/or in the Boards and Audit Committees of subsidiary entities.

¹ Per Law 4449/2017, article 44

5. MEETINGS

- 5.1 The Committee shall meet at least eight (8)² times per year or more frequently, as circumstances require, and shall report to the Board, on a quarterly basis, on its activities.
- 5.2 The HFSF Observer in the Committee shall act as an observer and will have no voting rights.
- 5.3 The Meeting agenda will be prepared by the Chairperson of the Committee and distributed to the Committee members. The agenda together with the relevant material shall be sent to the AC members and HFSF Observer at least five (5) calendar days prior to the meeting.
- 5.4 The Committee meetings should provide for:
- Separate private sessions with the Internal Audit Group (IAG) to approve the internal audit plan, review activity reports, performance, and address staffing and other issues.
 - Separate private sessions with the Head of Group Compliance Sector to approve the annual plan, review activity reports, performance and address staffing and other issues.
 - Separate private sessions with the External Auditors, at least, twice a year, to discuss audit issues and also matters relating to their performance and independence.
 - Separate private sessions with the Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Audit Executive, the Group Chief Risk Officer and the External Auditors (as required) to review and approve the Interim (quarterly and midyear) and Annual Financial Statements.
 - General (open) sessions with Management to: (i) review corrective actions pertaining to weaknesses in Internal Controls identified by Internal and External Audits, inspections of Regulatory Authorities, Compliance, etc. (ii) review Operational Risk Reports including fraud prevention and detection activities.
- 5.5 The Committee is in quorum and meets validly when half of its members plus one are present or represented³ provided that no less than three (3) members, including the Chairperson or the Vice Chairperson, are present. In determining the number of members for the quorum, fractions, if any, will not be counted.
- 5.6 The Committee resolutions shall be validly taken by an absolute majority of the members who are present and represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of the Committee shall have the casting vote. The Board shall be informed whenever a decision of the Committee is not reached unanimously. Decisions may be taken **through** the drawing up and signing of minutes by circulation, by all the members of the Committee or their representatives, which is equal to a decision of the

² Four meetings on matters of the system of Internal Controls (per Bank of Greece Act 2577 requirement) and four meetings on matters of approval of Financial Results and other matters.

³ Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof.

Committee, even if no meeting has preceded.

- 5.7 The Committee may convene by teleconference. Mandatory minimum attendance of Committee members should be achieved (not less than 85% for each member). Meetings (up to 15% for each member) can be missed only if a valid excuse is provided.
- 5.8 The Chairperson of the Committee may invite to the meetings members of Management, Internal and External audit, Compliance, Legal Advisors, the Chairperson of the subsidiaries' Audit Committees or outside advisors or experts, as deemed appropriate. The number of invitees should be confined at a minimum, so as not to impact the effectiveness and efficiency of the meeting.
- 5.9 The Chairperson of the Committee shall meet with the Group Chief Audit Executive in a Pre-Audit Committee meeting. Other Committee members may also attend this meeting.
- 5.10 The Committee appoints its Secretary who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee. The Secretary is responsible to minute the proceedings and decisions of all Committee meetings, including the names of those present and in attendance, the action plans and follow-ups for assignments, as well as for the issuance of extracts. In case of non-unanimous decisions, the views of the minority should be also minuted.
- 5.11 The decisions and minutes shall be submitted to the HFSF Representative as soon as they are finalized but no later than ten (10) calendar days after the meeting. Additionally, after their finalization, the minutes shall be signed by all Committee members.
- 5.12 Once approved, minutes shall be available to all Board members through the software application of the Committees' meetings support [Diligent Boards].

6. DUTIES AND RESPONSIBILITIES

6.1 Internal Control System and Risk Management

The Committee:

- 6.1.1. Reviews and evaluates the adequacy of the Banks' Internal Control System, in particular over financial reporting, security of information systems and applications and contingency plans in the event of a systems breakdown.
- 6.1.2. Reviews and monitors the level of operational risk in the Bank by:
- evaluating the efficiency and effectiveness of the organizational structure, the key processes and internal controls designed to mitigate significant operational risks in the Bank;

- evaluating the level of operational losses being incurred in the Bank;
- ensuring that management is taking adequate corrective steps to reduce the level of operational risk where necessary.

- 6.1.3. Ensures that fraud preventive and detection activities are adequately addressed and followed up by Management.
- 6.1.4. Reviews all significant regulatory issues received from Regulatory and Tax Authorities (Bank of Greece (BoG), European Central Bank (ECB), Single Supervisory Mechanism (SSM), HFSF, Monitoring Trustee (MT), Capital Markets Committee, etc.), which include internal control, regulatory, corporate governance, compliance and supervision.
- 6.1.5. Reviews and monitors the implementation of corrective actions to recommendations made by the Internal and External Auditors (including recommendations in the Management Letter), as well as by Regulatory Authorities, to strengthen the internal control and risk management systems.
- 6.1.6. Reviews and proposes to the Board the approval of the contents of the Internal Governance Control Manual.
- 6.1.7. Reviews the report that Internal Audit submits annually to the BoG regarding the adequacy of the Bank's Internal Control System. Prepares its own Assessment report on IAG's evaluation report and submits both documents to the BoD for discussion (minutes required), prior to submission to the BoG.
- 6.1.8. Proposes, at least once every three years, that an Audit firm, meeting the criteria set by BoG, performs an independent review of the adequacy of the Internal Control System of the Bank and authorizes the Auditors to inform BoG of the results of their review. Proposes to the Board the replacement of these Auditors after carrying out two consecutive reviews.
- 6.1.9. Ensures that the Bank has established and maintains appropriate procedures for the receipt, retention and treatment of complaints regarding accounting, internal control, or auditing matters from both inside and outside the organization.
- 6.1.10. Assesses the confidential procedures established by Management for employees to submit complaints and comments regarding compliance with the applicable legislation, internal regulations and proper practices (whistle blowing). Care should be taken to ensure the protection of the whistleblower.
- 6.1.11. Ensures that the Bank has mechanisms to monitor share and other securities transactions of BoD members and personnel (employees, advisors etc.) in accordance with relevant regulations and the disciplinary measures against employees, who do not comply with procedures.

- 6.1.12. Collaborates with the Remuneration Committee for the design and proper functioning of the Remuneration Policy and practices both at Bank and Group level.
- 6.1.13. Discloses a positive or negative statement, that the system of internal controls has been evaluated, in the annual corporate governance statement.

6.2. Financial Reporting

The Audit Committee:

- 6.2.1. Reviews and assesses the process for the preparation of the Bank's stand alone and consolidated Interim and Annual Financial Statements (the Financial Statements) in accordance with the applicable International Financial Reporting Standards (IFRS), as well as any other financial reporting requirements, including the Directors' Report and the Consolidated Pillar III report.
- 6.2.2. Supervises and assesses whether the internal controls related to financial reporting are adequate and effective and that these controls are adjusted to reflect any major changes in the risk profile of the Bank.
- 6.2.3. Reviews significant accounting, reporting and footnote disclosure issues, focusing on judgmental areas and methods used in the valuation of assets and liabilities.
- 6.2.4. Reviews any legal or tax matters which could significantly impact the Financial Statements.
- 6.2.5. Reviews with Management the financial results presentation. Prior to their release, it also reviews the quarterly unaudited and Semiannual and Annual Financial Reports, including Financial Statements, Auditors' Report, Director's Report. In addition, it annually reviews the Corporate Governance Code and Practices and the Consolidated Pillar III report.
- 6.2.6. Meets with Management to discuss any changes in accounting policies, critical accounting estimates, one-off items impacting the Financial Statements, significant variances from prior year, unadjusted differences, capital adequacy and any other issues of significance.
- 6.2.7. Reviews and discusses the letter of representations, requested from Management by the External Auditors.
- 6.2.8. Meets with the External Auditors (with or without Management present) to discuss all of the above, in addition to any significant changes required to the External Auditors' audit plan.
- 6.2.9. Based on the results of the above review, recommends to the Board the approval of the quarterly unaudited Financial Statements, the annual and semiannual Financial Reports, the Corporate Governance Code and Practices and the Consolidated Pillar III Report.

- 6.2.10. Discusses with Management, the Internal and External Auditors, the adequacy of Management Information Systems, including significant risks and controls over such risks.
- 6.2.11. Ensures that the Bank has established clear processes which ensure that any other financial reporting required by the Regulators to have Board and / or Committee clearance is promptly prepared and submitted for such clearance. Reviews and recommends submission to the Board of such financial reporting.
- 6.2.12. While the Board retains the responsibility for the approval and monitoring of the Restructuring Plan, Business Plan and Budget, the Committee receives reports on the monitoring of the above items by Management, for information purposes.

6.3. External Audit

The Committee:

- 6.3.1. Defines the criteria and the procedures for the appointment or replacement of the External Auditors and makes recommendations to the Board on the appointment or replacement of External Auditors, for approval by the AGM.
- 6.3.2. Ensures periodic tendering and rotation of the Bank's External Auditor after five (5) consecutive years at a maximum and approves the "External Auditors' Tendering Policy and Procedures".
- 6.3.3. Reviews the scope of audit work and audit approach and assesses the process for identifying and responding to key audit and internal control risks.
- 6.3.4. Considers any issues pertaining to the External Auditors' independence and objectivity in accordance with the applicable legislation, communicates the result to the Board and recommends, if necessary, taking appropriate action. The Committee receives annual confirmation from the External Auditors regarding their independence and approves the Bank's Policy on External Auditors Independence.
- 6.3.5. Reviews the terms of the contract (engagement letter) to be signed with the External Auditors and makes recommendations to the BoD on the External Auditors fees, for approval by the AGM.
- 6.3.6. Ensures that Eurobank has established clear policies in order to adhere to the governing laws and regulations regarding limitations in the scope of External Auditor's activities, including the relevant rules regarding the hiring of employees from the external audit firm.

- 6.3.7. Reviews and approves the nature of non-audit related services prior to their being undertaken by the External Auditors and ensures that there is proper balance between audit and non-audit work in accordance with Eurobank's policy on External Auditors' Independence
- 6.3.8. Evaluates, on an annual basis, the work and contribution of the External Auditors, the robustness of the audit, the quality of service and the co-operation with IAG.
- 6.3.9. Meets with the External Auditors on a regular basis to discuss audit, accounting, financial reporting and internal control issues raised by them.
- 6.3.10. Updates the Board for the results of the audits, the contribution of the audits to the integrity of the financial reporting and the role of the Audit Committee in the whole process.
- 6.3.11. Ensures that all information and findings of the external auditors on the financial statements of the Bank are discussed on a trilateral basis, among the Bank, the external auditors and the Bank of Greece, while in special cases also bilaterally, between the certified auditors and the Bank of Greece, following a relevant update of the Bank, in accordance with the provisions of the applicable Hellenic Auditing Standard regarding the communication with the Regulatory and Supervisory authorities.
- 6.3.12. Investigates any disputes that may arise between the Bank's Management and the External Auditors regarding the Financial Statements of the Bank.

6.4. Internal Audit

The Committee:

- 6.4.1. Monitors and reviews the effectiveness of the Internal Audit function.
- 6.4.2. Ensures that the Internal Audit function is independent⁴, adequately organized, has unrestricted access to any pertinent information and operates efficiently and effectively in compliance with the Standards of the Institute of Internal Auditors.
- 6.4.3. In consultation with the Nomination Committee proposes to the Board the appointment, replacement or dismissal of the Group Chief Audit Executive and annually assesses his (her) performance, while his (her) annual compensation is approved in accordance with the relevant provision of the Remuneration Committee's ToR which provides for Remuneration Committee's consultation with the AC.

⁴ Internal Audit General Division has a functional reporting line to the Audit Committee and a dotted reporting line for administrative matters to the CEO.

- 6.4.4. Approves the Terms of Reference of the IAG and any subsequent amendments proposed by the IAG.
- 6.4.5. Evaluates the process for developing the annual Internal Audit Plan focusing on issues regarding risk assessment, priorities as a result of changes in the economic environment and coordination with the External Auditors (combined Audit Plan).
- 6.4.6. Approves the annual Internal Audit plan and the three year high level Audit Plan and makes recommendations, on any additional areas that need to be covered. The Committee shall be informed of the nature and extent of any significant special work or any other deviation from the approved annual Internal Audit plan. The Committee submits the Plans to the Board
- 6.4.7. Reviews the organizational structure of IAG, financing, budgeting and staff related issues, including personnel costs, recruitment, training and professional advancement. The Committee ensures that IAG has the appropriate skillset and capacity to audit and evaluate the effectiveness of the internal control framework with special emphasis on the areas of risk and capital management, as well as financial control.
- 6.4.8. Considers and reviews with Management:
- Significant findings of Internal Audit and Management's response, including the timetable for implementation to correct weaknesses.
 - Any difficulties encountered by Internal Audit in the course of their audits such as restrictions on the scope of their work or access to information.
- 6.4.9. Reviews and approves the Internal Audit budget, previously agreed with Management.
- 6.4.10. Receives and reviews the quarterly Activity Report prepared by the Group Chief Audit Executive for the purpose of the regular meetings. Such report shall outline the audit and risk assessment issues, planning issues and personnel matters.

6.5. Compliance

The Committee:

- 6.5.1. Ensures that the Group Compliance Sector of the Bank is independent⁵, adequately organized, has unrestricted access to any pertinent information and operates efficiently and effectively.
- 6.5.2. Has the oversight of compliance issues (especially relating to Anti Money Laundering (AML) quarterly assessment and regulatory reporting, MiFID, Market Abuse, Conflict of interests, Antitrust,

⁵ Compliance Sector has a reporting line to the Audit Committee and to the BoD Chairperson and a dotted reporting line for administration matters to the CEO

Clients/Consumer Protection/Transparency regulation, etc.).

- 6.5.3. In consultation with the Nomination Committee, appoints, replaces or dismisses the Head of Group Compliance Sector and annually assesses his (her) performance, while his (her) annual compensation is approved in accordance with the relevant provision of the Remuneration Committee's ToR which provides for Remuneration Committee's consultation with the AC.
- 6.5.4. In consultation with the Nomination Committee and the Chairperson of the BoD, proposes to the Board the appointment, replacement or dismissal of the Anti-Money Laundering Reporting Officer of the Bank.
- 6.5.5. Reviews and approves the Terms of Reference of the Group Compliance Sector and monitors its performance.
- 6.5.6. Reviews and approves the Group Compliance Sector's annual plan and subsequent deviations from the plan.
- 6.5.7. Reviews and approves the Group Compliance Sector's budget, previously agreed with Management.
- 6.5.8. Reviews and approves the Bank's Code of Conduct.
- 6.5.9. Reviews and approves the Group Compliance Sector Policies, such as the Group's Anti-Money Laundering and Counter Financing of Terrorism Policy, the Group's Compliance Policy and the Group's Conflict of Interest Policy.
- 6.5.10. Reviews and approves the annual reports that Group Compliance Sector submits to the BoD per Bank of Greece requirements and provides clearance to the report on Anti-Money Laundering issues. Prepares its own Assessment report on the above reports and submits to the Board for discussion (minutes required) prior to submission to the BoG.
- 6.5.11. Ensures that a mechanism has been set for monitoring compliance with internal and external rules and regulations, including Group Guidelines and Eurobank's Code of Conduct.
- 6.5.12. Ascertains that the Bank has an effective process for determining risks and exposures from asserted and unasserted litigations and claims from non-compliance with laws and regulations.
- 6.5.13. Reviews with Legal Counsel, Operational Risk, Group Compliance, Internal Audit and others as required any legal, tax or regulatory matters, presently encountered, or foreseeable changes on applicable laws and regulations that may have a material impact on the Bank's operations and the Financial Statements.

- 6.5.14. Is informed by Management of audits performed by Regulatory and/or Tax authorities and the results of these audits.
- 6.5.15. Reviews quarterly reports on Director's substantial Stock Exchange transactions (Law 2533/1997) submitted by Group Company Secretariat.
- 6.5.16. Reviews the quarterly compliance reports prepared by the Group Compliance Sector and communicates to the Board any compliance related non-conformities that may have a material impact on the Bank's operations, reputation or Financial Statements.
- 6.5.17. Reviews and provides clearance to the Board for share capital increase prospectuses, prior to Board members' signing of the endorsement letter for the submission to the Hellenic Capital Markets Committee (HCMC), as well as prior to HCMC approval.

7. REPORTING

The Committee is responsible for submitting the following reports:

- 7.1. Quarterly reports to the Board regarding its activities. Alternatively, the Chairperson of the Committee shall inform the Board during the BoD meeting.
- 7.2. Annually submits to the Board (a) the Internal Audit annual evaluation report relating to the assessment of the Internal Control System and the Committee's Assessment thereon (b) the evaluation report of the Group Compliance Sector Annual report on the Bank's AML Policies (c) the evaluation report of the Group Compliance Sector Annual Report, and (d) the Committee's Annual Activity Report.
- 7.3. Every three years submits to the BoG, the Internal Control System Adequacy Evaluation Report provided by independent certified accountants – auditors and the Committee's Assessment thereon. The report is submitted within the first six months of every three year period.
- 7.4. The Committee shall:
- Report Committee actions to the Board with recommendations, as the Committee may deem appropriate, and follow up effective implementation of recommendations.
 - Report Committee actions to the Board for the special areas for which additional audits are required either from internal or external auditors
 - Provide for any report, which is required from the Committee by applicable laws and regulations.

8. PERFORMANCE EVALUATION

The Committee's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. In order to perform their role effectively, the Committee members need to maintain and develop their skills and knowledge.

9. FRAMEWORK OF CO-OPERATION WITH HFSF AND THE MT

Specific requirements in relation to the co-operation of the Committee with the HFSF and the MT have been added throughout the Terms of Reference as appropriate. In addition, the following specific rules apply:

- 9.1. The HFSF Representative has the right to submit in writing to the Chairperson of the Committee proposed additional items for the agenda of the meeting. These must be submitted in writing at least one (1) day prior to the day of the Committee.
- 9.2. The HFSF Representative has the right to request that a Committee is convened within seven (7) calendar days from the HFSF Representative's written request to the Chairperson of the Committee. The relevant request shall include the proposed items of the agenda. If the Chairperson of the Committee does not proceed to the convocation of the Committee within the above deadline or does not include all the proposed items in the invitation, then the HFSF Representative shall be entitled to convoke the Committee within five (5) days as of the expiry of the above seven (7) days period. Such invitation shall be notified to all the members of the Committee and to the HFSF Observer.
- 9.3. The MT will attend as an observer all Committee meetings. In that regard, he/she shall receive all agendas and related submission material in advance, as well as the minutes of the Committee.
- 9.4. The MT shall review the annual audit plan and may require, on its own initiative, additional investigations⁶.
- 9.5. The Committee will co-operate with HFSF in order to allow HFSF to carry out an overall evaluation of the Committee's performance, if required.

⁶ Monitoring Trustee Mandate requirement

10. OVERSIGHT OF EUROBANK SUBSIDIARIES' AUDIT COMMITTEES (WHERE APPLICABLE)

The oversight primarily consists of:

- 10.1. Ensuring that the subsidiaries' Audit Committees' Terms of Reference comply with those of Eurobank, unless otherwise provided in local or other relevant legislation.
- 10.2. Approving the memberships of the subsidiaries' Audit Committees.
- 10.3. Obtaining semi-annual Activity Reports by the subsidiaries Audit Committees' covering all major issues in each area of oversight of these Committees. Establishing communication channels and enhancing cooperation with the Chairperson of the subsidiaries' Audit Committees (i.e. annual workshop).
- 10.4. Reviewing and discussing the performance evaluation reports performed by the Audit Committees of subsidiaries.
- 10.5. Encouraging information sharing and best practice to be adopted.