PRICEWATERHOUSECOOPERS

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For the attention of Mr Marius Kohl

Administration des Contributions Directes
Bureau d'imposition Sociétés VI
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ADMINISTRATION DES CONTRIBUTIONS
SERVICE D'IMPOSITION
BUREAU SOCIETES 6

11 February 2009

References: LIE/DAGA/SHKN/Q7109001-PASA

BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG")
Project Greece

Zeus Recovery Fund SA - Tax number 2008 2221 493

Dear Mr. Kohl,

At the request of the above-mentioned client, we are pleased to submit for your review and approval/comments the Luxembourg tax treatment of the following structure.

A Facts

A.1 Background and contemplated structure

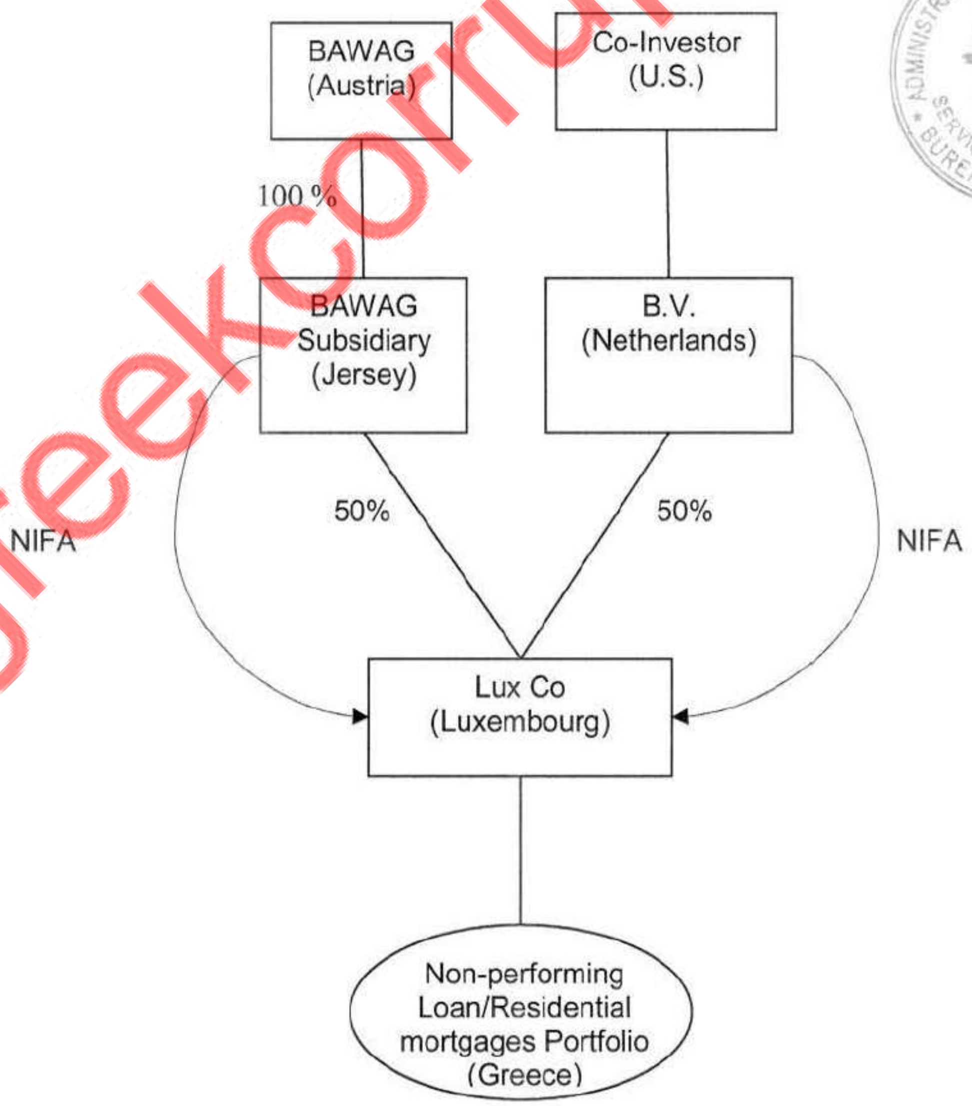
1 Two traditional Austrian banks BAWAG and P.S.K. merged in 2005. The newly created BAWAG P.S.K, (hereafter referred to as "BAWAG") is the second largest retail bank in number of branch offices operating in Austria. BAWAG is currently in the process of setting up an investment structure in Luxembourg, namely from a legal, regulatory and business viewpoint.

2 Via a wholly owned Jersey subsidiary, BAWAG incorporated a Luxembourg company together with a Co-Investor under the law of 22 March 2004 with the legal form of a Société Anonyme, Zeus Recovery Fund S.A. (hereafter referred to as "LuxCo"). LuxCo will have its share capital and accounts EUR denominated.

3 LuxCo invested into four different Greek portfolios: (i) Unsecured consumer loans (Eurobank) having a face value of approximately EUR 368m and acquisition price of approximately EUR 14.3m; (ii) Residential mortgages (National Bank of Greece) having face value of approximately EUR 41m and acquisition price of approximately EUR 14.9m, (iii) Unsecured consumer loans II (Alpha Bank) with a face value of approximately EUR 92m and purchase price of EUR 4.6m; and, (iv) Unsecured consumer loans III (Eurobank II) having a face value of approximately EUR 232m and acquisition price of approximately EUR 13.4m.

4 The transaction with the National Bank of Greece regarding residential mortgages is in the process of winding up.

5 The chart of the structure can be described as follows:



A.2 Financing of the structure

6 In addition to its share capital of EUR 31,000, LuxCo will be 100% financed with debt in the form of Note Issuance Facility Agreements (NIFAs). Each investment is financed with a different NIFA, all having similar terms and conditions as specified below. The term sheet of the EFG Eurobank NIFA is attached as **Appendix 1** for your reference.

7 The features of the NIFAs can be summarized as follows:

Characteristics		**Comments**
Term	10 years	
Scheduled Interest	10%	Each Note bears Scheduled Interest of 10% per year. Nonetheless, the accrued interest **is waived in the case where the company does not have sufficient cash to pay it.**
Additional Interest	Yes	A variable Additional Interest on the Notes will be payable depending on cash collected and available to be applied under and in accordance with Payment Priorities.
Payment of Scheduled Interest		On each Interest Payment Date, the Issuer shall, subject to and in accordance with the Payment Priorities, pay the Scheduled Interest except if such Scheduled interest is waived in accordance with the agreement.
Payment of Additional Interest		On each Interest Payment Date, the Issuer shall apply all amounts standing to the credit of the Receipts Account and to pay any taxes due, Services providers, third parties, reserves (if required), fixed interests and remaining principal. **All remaining amounts after these payments would be paid out as Additional Interest.**
Early redemption	No	Except in accordance with the express terms of the NIFA.
Redemption /Repayment	The issuer shall redeem the outstanding principal amount of each Note in full on the Final Maturity Date upon due presentation of the Note	

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Redemption Price		Outstanding principal amount.
Limited recourse	Yes	Notwithstanding any other provision of any Transaction Document, all obligations of the Issuer to it, including, without limitation, the applicable obligations under the Transaction Documents, are limited in recourse to the assets of the issuer allocated to the relevant Compartment (and then only to the extent payable to them in accordance with the Payment Priorities).
Convertible	No	
Transferability	Subject to conditions	
Voting Rights	No	
Participation in liquidation gains	No	
Stapling to shares	No	
Currency	EUR	

B Tax treatment to be applied

B.1 Tax residence

8 LuxCo is a resident fully taxable Luxembourg company within the meaning of article 159 LIR and will also be considered resident within the meaning of double tax treaties concluded by Luxembourg.

9 All the shareholders' meetings will take place in Luxembourg, accounting and archives are kept in Luxembourg. Furthermore, LuxCo will have three of its directors being Luxembourg residents.

10 The Luxembourg authorities will issue certificates of residency upon request.

B.2 Tax treatment of interest due under the NIFAs

B.2.1 Tax treatment of interest due under the NIFAs

<u>Deductibility of the interest paid under the NIFA</u>

11 Any payments due under NIFAs within the framework of the present structure qualify as interest and will not be considered as dividends. Please see attached in **Appendix 2** our detailed tax analysis with regard to the NIFAs.

12 In view of the considerations set out above and in the attachments, the NIFAs issued by LuxCo will be qualified as debt for both net wealth tax purposes and income tax purposes.

<u>Debt to equity ratio</u>

13 In view of the investment activities described above, LuxCo will not need to comply with any debt-to-equity ratio. As a consequence, any interest paid under the NIFAs will not be re-characterized into a non-deductible constructive dividend or be subject to a withholding tax.

<u>Withholding tax</u>

14 Article 146 (1)-3 LITL provides for the application of a withholding tax upon payment of interest arising from participating bonds or other similar securities. On the contrary, interest payments paid on income or profit sharing loans are not subject to withholding tax.

15 In the present case, the debt will be structured as an income-sharing loan and not as a profit participating bond. Hence, no withholding tax in the meaning of article 146 (1)-3 LITL will apply.

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Silent partnership

16 Furthermore, article 97, (2) and 146, (2) LITL provide for a withholding tax when there is a silent partnership paying out profit participating return. In this case, there is no intention to create such a partnership. Therefore, no withholding tax in the meaning of article 97, (2) and 146, (2) LITL will apply.

17 In addition, 100% of interest paid in accordance with the NIFA will be tax deductible in accordance with article 45 (1) LITL, unless article 45 (2) LITL is applicable.

B.2.2 Determination of the taxable income of LuxCo

18 LuxCo will earn income on the different Greece portfolios. At the same time, LuxCo will have offsetting interest expenses accruing on the NIFAs.

19 Dividends and interest distributed by LuxCo will be considered deductible expenses within the meaning of Article 46 LITL to the extent a commitment has been taken to distribute these dividends to its investors. However, (dividend) distributions of profits, which are subject to a commitment for distribution, will only be deductible within the meaning of Article 46 LITL to the extent the commitment relates to profit realised in the same year in which the commitment is taken. A contrario, distributions out of distributable profit reserves of LuxCo and the taxable profits of the previous year in general will not be considered deductible interest within the meaning of Article 46 LITL if the reserves stem from previous tax years and during which they have been taxed.

20 With respect to the remuneration on its investment activities, LuxCo is considered to realize an appropriate and acceptable profit with respect to Articles 56 and 164(3) LITL, if it earns a net annual margin of 0.125% measured on the annual average outstanding principal amount of the NIFAs and the net capital gain realized during the financial year on the portfolio. The taxable margin shall, in a given year, in no event exceed the net income generated on the investment financed under the NIFAs (i.e. portfolios). In the event the invested amounts will increase, the applicable margin may be adjusted accordingly.

B.3. Accounting treatment of the NIFAs

21 LuxCo would use a cost recovery approach whereby any proceed collected from the NPL Portfolios would be first characterized as recovery of the investment cost (i.e. repayment of principal) and only thereafter once the investment cost is fully recovered as income in the profit and loss account.

22 This "Cost Recovery Approach" is conservative as it defers accounting recognition of gains until cash proceeds exceed investment cost and is in line with the prudence principle which is a key concept under Luxembourg GAAP.

23 The fact that the acquisition of the NPL Portfolios has been financed through NIFAs that bears a 10% annual interest implies a mismatching of income and expenses as LuxCo would incur interest expenses that would generate losses during the first few years of operations until cash proceeds have fully covered the initial investment cost.

24 Nonetheless, from a tax perspective in case of loss, the annual margin will be rolled over to the subsequent accounting year during which LuxCo earns sufficient income or gains to leave a margin for the current year and any years in which there was a shortfall of margin.

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We respectfully request that you confirm the tax treatment of the situation described above or that you provide us with your remarks, if any.

We remain at your disposal should you need any further information and would like to thank you for the attention that you will give to our request.

Yours sincerely,

Laurent de La Mettrie
Partner

Patricia Songnaba
Manager

Appendix 1: Characteristics of the NIFA
Appendix 2: Tax treatment of the NIFA

For approval

Le préposé du bureau d'imposition Sociétés 6
Marius Kohl

Luxembourg, 25 MARS 2009

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This tax agreement is based on the facts as presented to PricewaterhouseCoopers Sàrl as at the date the advice was given. The agreement is dependent on specific facts and circumstances and may not be appropriate to another party than the one for which it was prepared. This tax agreement was prepared with only the interests of BAWAG in mind, and was not planned or carried out in contemplation of any use by any other party. PricewaterhouseCoopers Sàrl, its partners, employees and or agents, neither owe nor accept any duty of care or any responsibility to any other party, whether in contract or in tort (including without limitation, negligence or breach of statutory duty) however arising, and shall not be liable in respect of any loss, damage or expense of whatever nature which is caused to any other party.

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Appendix 1

Characteristics of the NIFAs

NOTE ISSUANCE FACILITY AGREEMENT (NIFA)

relating to the purchase of EFG Eurobank Ergasias SA's non-performing loans pursuant to a claim purchase agreement dated on or about the date of the NIFA

(Note: unless defined in this summary term sheet, capitalised terms used in this summary term sheet have the meaning given to them in the NIFA.)

A.	**PARTIES**
Issuer	Zeus Recovery Fund SA
Original Noteholders	BAWAG P.S.K. Jersey Capital Limited
	Investments 2234 Overseas Fund VIII BV
Calculation Agent	Investments 2234 Overseas Fund VIII BV
Administrative Services Provider	Structured Finance Management (Luxembourg) SA

B.	**NOTE ISSUANCE FACILITY**
Facility type	Note issuance (pursuant to which the Noteholders agree to subscribe and pay for, and the Issue agrees to issue, Notes)
Form of Notes	Definitive fully registered Notes
Purpose	Payment of the Purchase Price for the Purchased Claims (in relation to EFG Eurobank Ergasias SA's non-performing loans) pursuant to the Claim Purchase Agreement and payment of the Closing Expenses
Commitments	BAWAG: €5,765,000
	Investments: €5,765,000
Availability Period	7 days from the date of the NIFA
Requests	No more than one Request may be delivered by the Issuer
Final Maturity Date	10 years from the date of the NIFA

C.	**INTEREST**
Interest Payment Dates	15th day of each calendar month starting with 15 February 2009
Scheduled Interest	Each Note bears Scheduled Interest on its Note Amount from the Issue Date at a rate of ten per cent. per annum
Payment of Scheduled Interest	On each Interest Payment Date, the Issuer shall, subject to and in accordance with the Payment Priorities, pay the Scheduled Interest under each Note which has accrued during its immediately preceding Term but which remains unpaid on such date
Scheduled Interest Shortfalls	If, on any Interest Payment Date, any Scheduled Interest falling due on such date is not paid by reason of the operation of the Payment Priorities (such shortfall amount being an **Interest Shortfall**), with effect from such Interest Payment Date, such Interest Shortfall will cease to be payable and shall be deemed to be cancelled as an obligation of the Issuer
Additional Interest	In addition to Scheduled Interest, variable Additional Interest on the Notes will accrue and become payable on each Interest Payment Date in an amount (if any) equal to the amounts available to be applied under and in accordance with the Payment Priorities
D.	**SERVICING AND COLLECTIONS, ACCOUNTS AND PAYMENTS**
Servicer	The Issuer must appoint one or more persons as Servicers to collect and service the Purchased Claims
Issuer Accounts	(a) Collection Account(s); and (b) Receipts Account
Collections	The Issuer must ensure that all Collections are paid into a Collection Account or the Receipts Account
Collection Account(s)	The Issuer shall procure that all amounts standing to the credit of each Collection Account are transferred to the Receipts Account at the end of each Collection Period
Collection Period	The period corresponding to each complete calendar month following the Completion Date (or in the case of the first Collection Period, the period commencing on the Completion Date and ending on the last day of the calendar month in which the Completion Date occurred)

Payment Priorities (pre-enforcement)

On each Interest Payment Date prior to the date (if any) on which an Enforcement Notice has been delivered to the Issuer, the Issuer shall apply all amounts standing to the credit of the Receipts Account on each Interest Payment Date pursuant to and in accordance with the following order of priority:

(a) to pay any taxes due and payable by the Issuer;

(b) to pay:

(i) any Calculation Agent Fees and Cash Management Liabilities;

(ii) any International Account Bank Fees and any International Account Bank Liabilities;

(iii) any Servicer Fees and any Servicer Liabilities; and

(iv) any amounts due and payable to the Administrative Services Provider;

(c) to pay any amounts to any third party (where such obligation is properly incurred without a breach by the Issuer of the Transaction Documents (and such payment is not provided for elsewhere in this order of priority) and is approved by all the Noteholders;

(d) other than on the Final Maturity Date, in or towards the transfer to the Reserve Fund Ledger of an amount necessary to cause the amount of the Reserve Fund to be equal to the Reserve Fund Required Amount;

(e) to pay any amounts due and payable in respect of Scheduled Interest;

(f) to pay any amounts due and payable in respect of principal under the Notes; and

(g) all remaining amounts (if any) to pay Additional Interest

Payment Priorities (post-enforcement)

After an Enforcement Notice has been delivered to the Issuer, the Issuer shall hold all amounts received or receivable by the Issuer (including any amounts held in any account or resulting from the realisation of any enforcement) in the following order of priority:

(a) to pay any taxes due and payable by the Issuer to the extent ranking ahead of the Finance Parties by law;

(b) to pay:

(i) any Calculation Agent's Fees and Calculation Agent Liabilities; and

(ii) any liabilities incurred by the Noteholders in preserving their interests under the Finance Documents together with any interest accrued and falling due as provided in the NIFA;

(c) to pay:

(i) any International Account Bank Fees and International Account Bank Liabilities; and

(ii) any amounts due and payable to the Administrative Services Provider;

(d) to pay any Servicer Fees;

(e) to pay any amounts due and payable in respect of Scheduled Interest;

(f) to pay any amounts due and payable in respect of principal under the Notes; and

(g) all remaining amounts (if any) to pay Additional Interest

E.	**LEDGERS**
Ledgers	(a) Revenue Ledger; and (b) Reserve Fund Ledger
Reserve Fund Required Amount	€250,000
Payments from Reserve Fund Ledger	Prior to the delivery of an Enforcement Notice, the amounts credited to the Reserve Fund Ledger will be applied to meet any liabilities of the Issuer which are set out in the Payment Priorities but which fall due prior to an Interest Payment Date
Payments from Revenue Ledger	On each Interest Payment Date prior to the date (if any) on which an Enforcement Notice has been served on the Issuer, an application of all amounts standing to the credit of the Revenue Ledger on such Interest Payment Date shall be effected by the Issuer pursuant to and in accordance with the Payment Priorities

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F.	**REPAYMENT, REDEMPTION AND CANCELLATION**
Repayment:	The Issuer shall redeem the outstanding principal amount of each Note in full on the Final Maturity Date upon due presentation of the Note
Voluntary redemption or cancellation	No redemption or cancellation of Notes is allowed except in accordance with the express terms of the NIFA

G.	**REPRESENTATIONS AND WARRANTIES**
Representations and warranties	(a) status;
	(b) powers and authority;
	(c) legal validity;
	(d) no Security Interests;
	(e) non-conflict;
	(f) no Default;
	(g) authorisations and consents;
	(h) litigation and insolvency;
	(i) pari passu ranking;
	(j) tax residence;
	(k) immunity;
	(l) jurisdiction/governing law;
	(m) registration requirements;
	(n) information;
	(o) title;
	(p) no other business;
	(q) ownership;
	(r) Eligible Claims; and
	(s) centre of main interest

H.	**INFORMATION COVENANTS**	
Information covenants	(a)	financial information;
	(b)	form of financial statements;
	(c)	Issuer Accounts;
	(d)	information – miscellaneous;
	(e)	notification of Default;
	(f)	know your customer requirements; and
	(g)	Claim Purchase Agreement

I.	**GENERAL UNDERTAKINGS**	
General covenants	(a)	authorisations;
	(b)	compliance with laws;
	(c)	pari passu ranking;
	(d)	negative pledge;
	(e)	disposals;
	(f)	Financial Indebtedness;
	(g)	change of business;
	(h)	mergers;
	(i)	acquisitions;
	(j)	tax liabilities;
	(k)	arm's length terms;
	(l)	property and employees;
	(m)	lending and guarantees;
	(n)	other contracts;
	(o)	constitutional documents;
	(p)	miscellaneous;
	(q)	centre of main interests;
	(r)	Liabilities;

(s) hedging agreements; and

(t) access to books

J. **EVENTS OF DEFAULT**

Events of Default

(a) non-payment;

(b) breach of other obligations;

(c) misrepresentation;

(d) insolvency;

(e) insolvency proceedings;

(f) creditors' process;

(g) cessation of business;

(h) effectiveness of Transaction Documents;

(i) material adverse change;

(j) breach or revocation of approvals;

(k) unauthorised withdrawal from or suspension of Issuer Accounts;

(l) Claims Documents; and

(m) distributions and dividends

K. **MISCELLANEOUS**

Governing Law English law

Jurisdiction England

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Appendix 2

Tax treatment of the NIFA

Debt versus equity

1 As outlined above, the NIFA have the following characteristics that are regarded as relevant for determining their tax treatment in Luxembourg:

- The NIFA have a maturity of 10 years

- The NIFA bears a 10% fixed interest accruing also if the company is in a loss position. Nonetheless, the accrued interest will be waived if the company do not have sufficient cash to pay.

- The NIFA ranks superior to equity.

2 Under Luxembourg tax law, Articles 97 and 164 LITL set out the key criteria to characterize a payment as dividend rather than interest. According to these rules, following elements shall be considered:

- Entitlement to the ongoing profit; and

- Entitlement to the liquidation proceeds.

3 According to these rules, interest payments which do not participate directly in the net profit after taxes of the borrower, nor in the liquidation proceeds, need not be considered as a dividend.

4 In the case at hand, the return of the NIFA will have two components: a fixed interest and a variable interest. The latter varies in function of the cash received from the portfolios held and financed with the NIFA. Hence, the NIFA will not be considered participating in the net profits after taxes. In fact, as the NIFA ranks superior to shares, in the event of liquidation, any outstanding amount due and payable to the NIFA holders will be paid before any liquidation gain or loss will be computed.

5 Further, according to the commentaries to the Luxembourg income tax law (commentaries included in "Projet de Loi n°571 of 1955) on former article 114 LITL (currently article 97 LITL) on income from participation, in case a participating instrument bears a minimum fixed interest rate, even in a situation where the company is in a loss position, and provided the principal amount of the loan is repayable before the reimbursement of the company's share capital, the profit participating instrument should be treated as a debt for Luxembourg tax purposes.

6 In the case at hand, the fixed interest will accrue without taking into consideration if the company is in a profit or loss position.

7 Finally, it should be noted that Art. 164 LITL provides for a non-deductibility of payments on participating securities. In the case at hand, the debt instrument will not be structured as security.