



PROSPECTUS

This prospectus (the “Prospectus”) relates to (i) the offering to the public in Greece of up to 1,200,000,000 new ordinary registered voting shares with a nominal value of €1.00 per share (the “New Shares”) to be issued by Piraeus Financial Holdings S.A. (“Piraeus Holdings” or the “Issuer”), formerly known as Piraeus Bank Société Anonyme, (after giving effect to the Reverse Split and the Share Capital Decrease (each defined herein)) (the “Public Offering”) and (ii) the admission to trading of the New Shares on the Main Market of the Regulated Securities Market of the Athens Exchange (the “ATHEX”).

The New Shares will be issued pursuant to the resolution of the Board of Directors of Piraeus Holdings made on 16 April 2021, which approved a non-preemptive share capital increase of Piraeus Holdings by €1,200,000,000 (nominal value) and the issuance of up to 1,200,000,000 New Shares (the “Share Capital Increase”), by virtue of the authority given to it by the extraordinary general meeting of Piraeus Holdings’ shareholders held on 7 April 2021. There is no subscription guarantee for the New Shares and if the Share Capital Increase is not fully subscribed for, the Issuer’s share capital will be increased up to the amount actually subscribed and paid for, in accordance with Article 28, paragraph 1 of Law 4548/2018.

The New Shares will also be offered to qualified, institutional and other eligible investors outside of Greece, pursuant to a private placement bookbuilding process, in reliance upon the exemptions from the requirement to publish a prospectus under the Prospectus Regulation (as defined below) and other applicable laws (the “Institutional Offering” and together with the Public Offering, the “Combined Offering”). This Prospectus does not relate to the Institutional Offering.

The Combined Offering will run in parallel from 21 April 2021 to 23 April 2021. The offering price for each New Share, which may not be lower than €1.00 or higher than €1.15 per New Share, is expected to be determined after the close of the book building period for the Institutional Offering on or about 23 April 2021 in agreement between Piraeus Holdings and the joint global coordinators of the Institutional Offering (the “Joint Global Coordinators”) and will be identical in the Combined Offering. It is expected that the New Shares will be delivered to subscribers in the Combined Offering on or around 6 May 2021, but no assurance can be given that such issue and delivery will not be delayed.

This Prospectus has been prepared in accordance with Regulation (EU) 2017/1129, as amended (the “Prospectus Regulation”), the applicable provisions of Law 4706/2020 and the enabling relevant decisions of the Hellenic Capital Market Commission (the “HCMC”), under the simplified disclosure regime for secondary issuances pursuant to Article 14 of the Prospectus Regulation and Annex 3 and Annex 12 of the Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended, as well as the Delegated Regulation (EU) 2019/979 of 14 March 2019, as amended (together the “Delegated Regulations”).

The Board of Directors of the HCMC has approved the Prospectus only in connection with the information furnished to investors, as required under the Prospectus Regulation and the Delegated Regulations.

Investing in the New Shares involves risks. Prospective investors should read the entire document and, in particular, the “Risk Factors” beginning on page 32 when considering an investment in Piraeus Holdings.

This Prospectus will be valid for a period of twelve (12) months from its approval by the Board of Directors of the HCMC. In the event of any significant new factor, material mistake, or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the New Shares and which arises or is noted between the time when this Prospectus is approved and the closing of the Public Offering or the delivery of the New Shares, whichever occurs later, a supplement to this Prospectus shall be published in accordance with Article 23 of the Prospectus Regulation, without undue delay, in accordance with at least the same arrangements made for the publication of this Prospectus. If a supplement to this Prospectus is published, investors will have the right to withdraw their subscription for New Shares made prior to the publication of the supplement within the time period set forth in the supplement (which shall not be shorter than three business days after publication of the supplement).

In making an investment decision, prospective investors must rely upon their own examination, analysis of, and enquiry into, the New Shares and the terms of the Public Offering, including the merits and risks involved.

The approval of this Prospectus by the HCMC shall not be considered as an endorsement of Piraeus Holdings or of the quality of the New Shares that are the subject of this Prospectus. Prospective investors should make their own assessment as to the suitability of investing in the New Shares.

The Lead Underwriters

PIRAEUS BANK



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GLOSSARY

Glossary

On 30 December 2020, the core banking operations of the former Piraeus Bank Société Anonyme were demerged, by way of hive-down, and were contributed into a newly-formed credit institution incorporated under the same corporate name, i.e. “Piraeus Bank Société Anonyme” (the “Demerger”). In connection with the Demerger: (1) Piraeus Bank Société Anonyme substituted the former Piraeus Bank Société Anonyme, by way of universal succession, to all the transferred assets and liabilities of the core banking operations of the former Piraeus Bank Société Anonyme; (2) the former Piraeus Bank Société Anonyme ceased to be a credit institution, retained activities, assets and liabilities not related to core banking activities, and changed its corporate name to “Piraeus Financial Holdings S.A.”; and (3) Piraeus Financial Holdings S.A. holds 100% of the share capital of Piraeus Bank Société Anonyme and has become the direct or indirect ultimate parent holding company for all other companies that, prior to the Demerger, comprised the “Group” (as defined herein).

In this Prospectus, references to “Piraeus Bank”, “Piraeus Bank Société Anonyme” or to the “Bank” should be read and construed to be references to Piraeus Financial Holdings S.A. (formerly Piraeus Bank Société Anonyme) both prior to and after the completion of the Demerger, except to the extent otherwise specified or the context otherwise requires, including, among others, in the context of references to the entity acting as a credit institution responsible for the Group’s core banking operations (in which case, such references shall be deemed to refer to (i) the former Piraeus Bank Société Anonyme (now renamed Piraeus Financial Holdings S.A.) prior to 30 December 2020, and (ii) the newly-formed banking entity, Piraeus Bank Société Anonyme, on and after 31 December 2020); references to “we”, “us”, “our” or to the “Group” should be read and construed to be references to Piraeus Financial Holdings S.A. (formerly Piraeus Bank Société Anonyme) and its consolidated subsidiaries both prior to and after the completion of the Demerger, except to the extent otherwise specified or the context otherwise requires.

Certain of the capitalised terms set out below are also defined in Greek solely for the purpose of facilitating the investors’ review of the Greek version of the Summary included in this Prospectus.

2013 Share Capital Increase	Share capital increase in which Piraeus Bank raised €8.4 billion, of which €1.4 billion of private funds, achieving significantly above the 10% minimum requirement of private sector participation (20%) in 2013.
2014 Share Capital Increase	Share capital increase in which Piraeus Bank raised €1.75 billion of private funds through payment in cash, issuance of new ordinary registered shares and cancellation of the pre-emption rights of existing shareholders in 2014.
2015 Share Capital Increase	Share capital increase in which Piraeus Bank raised €2,601 billion of private funds and HFSF funds through payment in cash, liabilities’ capitalisation and contribution in kind, issuance of new ordinary registered shares and cancellation of the pre-emption rights of existing shareholders in 2015.
2020 SREP Decision	The decision of the ECB communicating the results of the Supervisory Review and Evaluation Process conducted in relation to Piraeus Bank pursuant to Section III, Articles 97 <i>et seq.</i> of CRD and setting out the targets (including capital requirements) to be met in 2021 on both a consolidated and individual basis.
ALCO	Assets/Liabilities Management Committee.
APM	Alternative performance measure.
Articles of Association	Depending on the context, the articles of association of Piraeus Holdings or Piraeus Bank Société Anonyme, as amended and currently in force.

Καταστατικό	Ανάλογα με τα συμφραζόμενα, το καταστατικό της Πειραιώς Holdings της Τράπεζας Πειραιώς Ανώνυμη Εταιρεία, όπως έχει τροποποιηθεί και ισχύει.
ATEbank	Agricultural Bank of Greece, S.A.
ATEbank Acquired Business	The selected assets and liabilities of ATEbank that we acquired in the ATEbank Acquisition.
ATEbank Acquisition	Our acquisition of selected assets and liabilities of ATEbank.
ATHEX	Athens Exchange.
X.A.	Χρηματιστήριο Αθηνών.
ATHEXCSD	Hellenic Central Securities Depository S.A.
ΕΛ.Κ.Α.Τ.	Η εταιρεία Ελληνικό Κεντρικό Αποθετήριο Τίτλων Α.Ε.
ATHEXCSD Rulebook	The rule book (regulation) of the ATHEXCSD approved pursuant to the decision No. 6/904/26.2.2021 of the HCMC.
Κανονισμός ΕΛ.Κ.Α.Τ.	Ο κανονισμός λειτουργίας της ΕΛ.Κ.Α.Τ., που εγκρίθηκε με την υπ' αριθμ. 6/904/26.2.2021 απόφαση της ΕΚ.
ATM	Automated Teller Machine.
Bank of Greece	The central bank of Greece.
Banking Law	Law 4261/2014, as amended and currently in force.
Basel III	The final proposals pertaining to the reform of capital and liquidity requirements issued by the Basel Committee on Banking Supervision.
BCP	Banco Comercial Português, S.A., Portugal's largest bank.
Board of Directors or Board	Depending on the context, the board of directors of Piraeus Holdings, Piraeus Bank Société Anonyme or any other legal person, entity or institution, the management body of which consists of a board of directors.
Διοικητικό Συμβούλιο ή ΔΣ	Ανάλογα με τα συμφραζόμενα, το διοικητικό συμβούλιο της Πειραιώς Holdings, της Τράπεζας Πειραιώς Ανώνυμη Εταιρεία ή οποιουδήποτε άλλου νομικού προσώπου, οντότητας ή θεσμού, το οποίο διοικείται από διοικητικό συμβούλιο.
BRRD II	Directive (EU) 2019/879 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.
BRRD or Bank Recovery and Resolution Directive	Directive (EU) 2014/59 of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council.

Business Centres	The Group's ten specialised business centres located across Greece.
Business loans	Business loans refer to corporate loans.
Capital Strengthening Plan	The plan executed in the 2018-2019 period generating approximately €4 billion risk-weighted assets relief.
CCR	Counterparty credit risk.
CHF	The lawful currency of the Swiss Confederation.
Combined Offering	The Public Offering and the Institutional Offering.
Συνδυασμένη Προσφορά	Η Δημόσια Προσφορά και η Διεθνής Προσφορά.
Commission's Proposal	On 14 February 2013, the European Commission issued proposals on behalf of the participating Member States, including a draft Directive, implementing enhanced cooperation for an FTT.
Common Equity Tier 1 capital	Capital instruments which are perpetual, fully paid-up, issued directly by an institution (e.g., ordinary shares), share premium accounts, disclosed reserves or retained earnings, accumulated other comprehensive income, other reserves, less DTAs (other than DTAs from temporary differences above the 10% and 17.65% thresholds as defined in CRR), less intangibles (including goodwill), less investments in own shares.
Contingent Convertible Bonds	€2,040,000,000 principal amount of contingent convertible bonds issued by the Bank on 2 December 2015 which were covered exclusively by the HFSF with notes issued by the ESM in accordance with the HFSF Law, Law 3156/2003, Codified Law 2190/1920 and Cabinet Act No. 36/2.11.2015. On 4 January 2021 the Contingent Convertible Bonds were converted into Ordinary Shares of Piraeus Holdings.
Υπό Αίρεση Μετατρέψιμες Ομολογίες	Υπό Αίρεση Μετατρέψιμες Ομολογίες: υπό αίρεση μετατρέψιμες ομολογίες ποσού κεφαλαίου ύψους €2.040.000.000 εκδόσεως της Τράπεζας στις 2 Δεκεμβρίου 2015 οι οποίες καλύφθηκαν εξ ολοκλήρου από το ΤΧΣ με ομολογίες εκδόσεως του ΕΜΣ σύμφωνα με τον Νόμο ΤΧΣ, τον Νόμο 3156/2003, τον κωδικοποιημένο Νόμο 2190/1920 και την Πράξη Υπουργικού Συμβουλίου υπ' αριθ. 36/2.11.2015. Στις 4 Ιανουαρίου 2021, οι Υπό Αίρεση Μετατρέψιμοι Ομολογίες μετατράπηκαν σε Κοινές Μετοχές της Πειραιώς Holdings.
Core Tier 1 capital	Tier 1 capital, excluding hybrid instruments.
Core Tier 1 ratio	Core Tier 1 capital divided by risk-weighted assets.
Cornerstone Investors	Paulson & Co. Inc, Helikon Investment Limited and Aristotelis Mistakidis collectively.
Cornerstone Επενδυτές	Από κοινού, οι Paulson & Co. Inc, Helikon Investment Limited και Αριστοτέλης Μυστακίδης.
Corporate deposits	Due to corporate customers.
Coverage ratio	ECL allowance for impairment losses on loans and advances to customers at amortised cost over NPEs.
COVID-19	Coronavirus disease 2019.
CRD	CRD IV together with CRD V.
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

CRD V	Directive 2019/878 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.
CRR	Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.
CRR II	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio (the “NSFR”), requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.
CRR Quick Fix	Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic.
Cumulative provisions	ECL allowance on loans and advances to customers at amortised cost.
Cypriot Banks	Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank.
Date of the Prospectus	20 April 2021, which is the date on which the Board of Directors of the HCMC approved this Prospectus.
Ημερομηνία του Ενημερωτικού Δελτίου	Η 20 ^η Απριλίου 2021, δηλαδή η ημερομηνία κατά την οποία το Διοικητικό Συμβούλιο της Επιτροπής Κεφαλαιαγοράς ενέκρινε το παρόν Ενημερωτικό Δελτίο.
Delegated Regulations	Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended, and Delegated Regulation (EU) 2019/979 of 14 March 2019, as amended.
Κατ’ Εξουσιοδότηση Κανονισμοί	Ο Κατ’ Εξουσιοδότηση Κανονισμός (ΕΕ) 2019/980 της 14 ^{ης} Μαρτίου 2019, όπως τροποποιήθηκε, και ο Κατ’ Εξουσιοδότηση Κανονισμός (ΕΕ) 2019/979 της 14 ^{ης} Μαρτίου 2019, όπως τροποποιήθηκε.
Demerger	The demerger by way of the hive-down of the banking activities of Piraeus Holdings (as former Piraeus Bank Société Anonyme), into a new licensed credit institution, incorporated under the name “Piraeus Bank Société Anonyme”.
Διάσπαση	Η διάσπαση μέσω της απόσχισης των τραπεζικών δραστηριοτήτων της Πειραιώς Holdings (ως πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία) και της εισφοράς τους σε νέο αδειοδοτηθέν πιστωτικό ίδρυμα που συστάθηκε με την επωνυμία «Τράπεζα Πειραιώς Ανώνυμη Εταιρεία».
Deposits or customer deposits	Due to customers.
DGS	Deposit guarantee schemes.
DSS	The Greek Dematerialised Securities System.

Σ.Α.Τ.	Το ελληνικό Σύστημα Άυλων Τίτλων.
DSS Participants	Means “Participants” as defined in Section I Part I (92) of the ATHEXCSD Rulebook.
Συμμετέχοντες Σ.Α.Τ.	Νοούνται οι «Συμμετέχοντες», όπως ορίζονται στην Ενότητα Ι, Μέρος Ι, σημείο 92 του Κανονισμού ΕΛ.Κ.Α.Τ.
DTA	Deferred tax asset.
DTC	Deferred tax credit.
EBA	European Banking Authority.
EBRD	European Bank for Reconstruction and Development.
ECB	The European Central Bank.
ECL	Expected credit loss.
EEA	European Economic Area.
EFSF	European Financial Stability Facility.
EIB	European Investment Bank.
ELA	Emergency liquidity assistance.
ELSTAT	The Hellenic Statistical Authority.
ESG	Environmental, social and governance.
ESI	Economic sentiment indicator.
ESM	European Stability Mechanism.
ESMA	European Securities and Markets Authority.
ETEAN	Hellenic Fund for Entrepreneurship and Development.
EU or European Union	The European economic and political union.
Euro, euro EUR and €	The common legal currency of the member states participating in the third stage of the European Economic and Monetary Union.
Eurogroup	The finance ministers of the member states of the Eurozone.
Eurosystem	The monetary authority of the Eurozone, composed of the ECB and the central banks of the member states that belong to the Eurozone.
Euroxx Securities S.A.	The société anonyme authorised to operate as an investment firm with the corporate name “Euroxx Securities S.A.”, General Commercial Registry number 002043501000 and registered seat at 7 Palaiologou Street, 15232 Chalandri, Athens, Greece.
Euroxx Χρηματιστηριακή ΑΕΠΕΥ	Η ανώνυμη εταιρεία η οποία έχει λάβει άδεια λειτουργίας ως επιχείρηση επενδύσεων με την επωνυμία Euroxx Χρηματιστηριακή ΑΕΠΕΥ», αριθμό Γενικού Εμπορικού Μητρώου 002043501000 και έδρα στον Οδό Παλαιολόγου 7, 15232 Χαλάνδρι, Αθήνα, Ελλάδα.

Eurozone	The euro area, being the Economic and Monetary Union of the member states of the European Union which have adopted the euro currency as their sole legal tender.
Fitch	Fitch Ratings Ltd.
FTSE	Financial Times Stock Exchange.
FTT	Financial transaction tax.
FVTOCI	Financial instruments measured at fair value through other comprehensive income.
FVTPL	Financial instruments measured at fair value through profit or loss.
FX	Foreign exchange.
GBP	The lawful currency of the United Kingdom of Great Britain and Northern Ireland.
GDP	Gross domestic product.
General Meeting	Depending on the context, the general meeting of the shareholders, whether ordinary or extraordinary, of Piraeus Holdings, Piraeus Bank Société Anonyme or of any other société anonyme incorporated under Greek law.
Γενική Συνέλευση	Ανάλογα με τα συμφραζόμενα, η τακτική ή έκτακτη γενική συνέλευση των μετόχων της Πειραιώς Holdings ή της Τράπεζας Πειραιώς Ανώνυμη Εταιρεία, ή οποιασδήποτε άλλης ανώνυμης εταιρείας που έχει συσταθεί σύμφωνα με το ελληνικό δίκαιο.
GGB	Greek government bonds.
Greek BRRD Law	Law 4335/2015 which transposed BRRD into Greek law, as amended and currently in force.
Ελληνικός BRRD Νόμος	Ο Νόμος 4335/2015, ο οποίος ενσωμάτωσε τη BRRD, όπως τροποποιήθηκε και ισχύει.
Gross carrying amount	Amortised cost, before adjusting for any loss allowance, grossed up with the PPA adjustment.
Group	Piraeus Financial Holdings S.A. and its consolidated subsidiaries.
Όμιλος	Η Πειραιώς Financial Holdings A.E. και οι ενοποιούμενες θυγατρικές της.
Group Risk Management	A function which carries out responsibilities of risk management and credit risk control in accordance with the Bank of Greece Governor's Act 2577/9.3.2006 and Banking Law.
G-SII	Global systemically important institutions within the meaning of Article 4(133) of CRR.
HAPS	The Hellenic Asset Protection Scheme.
HAPS 2	The anticipated HAPS scheme extension.

HBA	The Hellenic Bank Association.
HCC	The Hellenic Competition Commission.
HCMC	The Hellenic Capital Market Commission.
EK	Η Ελληνική Επιτροπή Κεφαλαιαγοράς.
HDIGF	The Hellenic Deposit and Investment Guarantee Fund.
HELEX	The Hellenic Exchanges – Athens Stock Exchange S.A.
Hellenic Republic	The official name of Greece as a sovereign state
Hellenic Republic Bank Support Plan	The plan introduced by the Hellenic Republic to support the liquidity of the Greek banking sector and economy.
HFSF	Hellenic Financial Stability Fund.
ΤΧΣ	Το Ταμείο Χρηματοπιστωτικής Σταθερότητας.
HFSF Law	Law 3864/2010, as amended and currently in force.
Νόμος ΤΧΣ	Ο Νόμος 3864/2010, όπως τροποποιήθηκε και ισχύει.
IAS	International Accounting Standards.
ICAAP	Internal Capital Adequacy Assessment Process.
ICS	Internal control system.
IFRS	International Financial Reporting Standards, as modified from time to time.
ILAAP	Internal Liquidity Adequacy Assessment Process.
IMF	The International Monetary Fund.
Institutional Offering	The offering of New Shares outside of Greece, pursuant to a private placement bookbuilding process, which is not a public offer in the meaning of the Prospectus Regulation, (i) to investors in member states of the EEA and the UK who are “professional clients” and other “eligible counterparties”, each as defined in Directive 2014/65/EU, as amended, and the applicable regulations of the UK, and (ii) to eligible investors outside the United States in offshore transactions in reliance on Regulation S, and within the United States only to “qualified institutional buyers”, as defined in Rule 144A under the U.S. Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements of such act.

Διεθνής Προσφορά	Η προσφορά Νέων Μετοχών εκτός Ελλάδος, μέσω ιδιωτικής τοποθέτησης με τη διαδικασία διεθνούς βιβλίου προσφορών, η οποία δεν συνιστά δημόσια προσφορά υπό την έννοια του Κανονισμού για το Ενημερωτικό Δελτίο, (i) προς επενδυτές σε κράτη μέλη του ΕΟΧ και στο Ηνωμένο Βασίλειο, οι οποίοι είναι «επαγγελματίες πελάτες» και λοιποί «επιλέξιμοι αντισυμβαλλόμενοι, κατά την έννοια της Οδηγίας 2014/65/ΕΕ, όπως τροποποιήθηκε, και των εφαρμοζόμενων κανονισμών του Ηνωμένου Βασιλείου, και (ii) προς επιλέξιμους επενδυτές εκτός των Ηνωμένων Πολιτειών σε υπεράκτιες συναλλαγές βάσει του Κανονισμού S, και εντός Ηνωμένων Πολιτειών προς «ειδικούς θεσμικούς αγοραστές», όπως ορίζονται στον Κανόνα 144Α υπό το Νόμο Περί Κινητών Αξιών των Η.Π.Α. του 1933, όπως τροποποιήθηκε, βάσει εξαίρεσης από τις υποχρεώσεις καταχώρησης σύμφωνα με αυτόν το νόμο.
Intrum	Intrum AB (publ).
Intrum Hellas	Intrum Hellas Credit Servicing S.A.
Intrum Transaction	The transaction between Intrum and the Bank for the management of our NPEs and REOs pursuant to which we have established a market-leading independent non-performing assets servicing platform in Greece.
Investor Share	Means the “Share” within the meaning of Section 1 Part 1 (59) of the ATHEXCSD Rulebook, that the investor holds in the DSS.
Μερίδα Επενδυτή	Νοείται η «Μερίδα» όπως ορίζεται στην Ενότητα 1 Μέρος 1 (59) του Κανονισμού της ΕΛ.Κ.Α.Τ., την οποία τηρεί ο επενδυτής στο Σ.Α.Τ.
ISO	International Organisation for Standardisation.
Issuer or Piraeus Holdings	Piraeus Financial Holdings S.A., formerly known as Piraeus Bank Société Anonyme, a société anonyme operating as a financial holding company with General Commercial Registry number 225501000 and registered seat at 4, Amerikis Street, Athens, Greece.
Εκδότης ή Πειραιώς Holdings	Η Πειραιώς Financial Holdings S.A., πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία, η οποία είναι ανώνυμη εταιρεία που λειτουργεί ως χρηματοδοτική εταιρεία συμμετοχών με αριθμό Γενικού Εμπορικού Μητρώου 225501000 και έδρα στην Οδό Αμερικής 4, Αθήνα, Ελλάδα.
IT	Information technology.
Joint Global Coordinators	The joint global coordinators of the Institutional Offering.
Γενικοί Συντονιστές	Οι γενικοί συντονιστές της Διεθνούς Προσφοράς.
JPY	The lawful currency of Japan.
KPI	Key performance indicators.
LCR	Liquidity coverage ratio.
Lead Underwriters	Piraeus Bank Société Anonyme and Euroxx Securities S.A. which are providing the investment services of underwriting and/or placing

without a firm commitment basis of Annex I Section A (6) and (7) of MiFID II in connection with the Share Capital Increase and the Public Offering.

Κύριοι Ανάδοχοι	Η Τράπεζα Πειραιώς Ανώνυμη Εταιρεία και η Euroxx Χρηματιστηριακή ΑΕΠΕΥ, οι οποίες παρέχουν τις επενδυτικές υπηρεσίες της αναδοχής ή/και της τοποθέτησης χωρίς δέσμευση ανάληψης βάσει του Παραρτήματος Ι, Ενότητα Α(6) και (7) της MiFID II αναφορικά με την Αύξηση Μετοχικού Κεφαλαίου και τη Δημόσια Προσφορά.
LTV	Loan-to-value.
Mandatory Burden Sharing Measures ...	Mandatory burden sharing measures imposed by virtue of a Cabinet Act, pursuant to Article 6a of the HFSF Law, on the holders of instruments of capital and other liabilities of the credit institution receiving such support.
Medium term	This Prospectus includes certain information relating to our medium-term targets for financial performance assuming the successful and timely execution of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan. These targets are deemed to be profit forecasts for the purposes of the Prospectus Regulation. We aim to achieve our medium-term targets within 3 to 5 years following the timely completion of our NPE Reduction Plan (2024-2026). The execution of our NPE Reduction Plan is expected to last approximately 12 months.
MTF	Multiannual Financial Framework.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended and currently in force.
Minimum Dividend	The minimum dividend paid by companies limited by shares (sociétés anonymes) out of their net profits for the year, if any, equal to 35% of their annual net profits on a standalone basis for the year (after the deduction of the statutory reserve and the amounts in respect of the credit items of their statement of profit/loss) which do not constitute realised gains) pursuant to Articles 160 and 161 of Law 4548/2018.
MIS	Management Information System.
Moody's	Moody's Investors Services Limited.
MPLS	Multi-protocol label switching.
MREL	The framework in which BRRD prescribes minimum requirements for own funds and eligible liabilities in the EU legislation.
New Shares	Up to 1,200,000,000 new ordinary registered voting shares with a nominal value of €1.00 per share to be issued by Piraeus Financial Holdings S.A. pursuant to the Share Capital Increase and offered for subscription in the Combined Offering.
Νέες Μετοχές	Μέχρι και 1.200.000.000 νέες κοινές ονομαστικές μετά ψήφου μετοχές, ονομαστικής αξίας €1,00 ανά μετοχή που πρόκειται να εκδοθούν από την Πειραιώς Financial Holdings Α.Ε. δυνάμει της Αύξησης Μετοχικού Κεφαλαίου και προσφέρονται στη Συνδυασμένη Προσφορά.

Next Generation EU	A €750 billion EU funded temporary recovery instrument to help repair the immediate economic and social damage brought about by the COVID-19 pandemic.
NPEMU	NPE Management Unit.
NPS	Net promoter score.
NSFR	Net stable funding ratio.
OCR	Overall Capital Requirement.
OPEKEPE seasonal funding facility	€1.5 billion and €1.5 billion seasonal funding facility provided to the Payment and Control Agency for Guidance and Guarantee Community Aid in 2019 and 2020, respectively, and repaid in 2020 and 2021, respectively.
Ordinary Shares	The ordinary registered voting shares issued by Piraeus Holdings from time to time, the nominal amount of which is expressed in euro.
Κοινές Μετοχές	Οι εκπροσωπούμενες σε ευρώ κοινές ονομαστικές μετά ψήφου μετοχές, που έχει εκδώσει η Πειραιώς Financial Holdings Α.Ε. από καιρού εις καιρόν.
OTC	Over-the-counter.
participating Member States	The eleven EU member states (including Greece) that requested participation in the implementation of a common FTT.
PCI	Payment Card Industry.
PFM	Piraeus Financial Markets.
Piraeus Bank or Piraeus Bank Société Anonyme or the Bank	The société anonyme authorised to operate as a credit institution with the corporate name “Piraeus Bank Société Anonyme”, General Commercial Registry number 157660660000 and registered seat at 4, Amerikis Street, Athens, Greece, created pursuant to the Demerger.
Τράπεζα Πειραιώς ή Τράπεζα Πειραιώς Ανώνυμη Εταιρεία ή η Τράπεζα	Η ανώνυμη εταιρεία που έχει λάβει άδεια λειτουργίας ως πιστωτικό ίδρυμα με την επωνυμία «Τράπεζα Πειραιώς Ανώνυμη Εταιρεία», αριθμό Γενικού Εμπορικού Μητρώου 157660660000 και έδρα στην Οδό Αμερικής 4, Αθήνα, Ελλάδα, η οποία συστάθηκε δυνάμει της Διάσπασης.
Piraeus Real Estate	Piraeus Real Estate S.A.
PLU	Piraeus Legacy Unit.
PPA adjustment	Purchase price allocation adjustment.
PPI	Pre-provision income.
Preferential Allocation	The entitlement of a Priority Investor to a priority allocation of New Shares allocated in the Public Offering, which will be proportionate to the shareholding participation of such Priority Investor in Piraeus Holdings.

Προνομιακή Κατανομή	Το δικαίωμα Κατά Προτεραιότητα Επενδυτή να του κατανεμηθούν κατά προτεραιότητα Νέες Μετοχές οι οποίες έχουν επιμεριστεί στη Δημόσια Προσφορά, κατά την αναλογία της μετοχικής συμμετοχής του εν λόγω Κατά Προτεραιότητα Επενδυτή στην Πειραιώς Holdings.
Price Range	A minimum of €1.00 and a maximum of €1.15 per New Share.
Εύρος Τιμών	€1,00 κατ' ελάχιστον και €1,15 κατά το μέγιστο άνα Νέα Μετοχή.
Priority Investors	Retail Investors and Qualified Investors who are registered shareholders of Piraeus Holdings in accordance with its shareholders' register electronically kept through the ATHEXCSD upon commencement of trading of its Ordinary Shares after the Reverse Split, on 19 April 2021, and subscribe for in the Public Offering.
Κατά Προτεραιότητα Επενδυτές	Ιδιώτες Επενδυτές και Ειδικοί Επενδυτές, που είναι εγγεγραμμένοι μέτοχοι της Πειραιώς Holdings σύμφωνα με το μετοχολόγιό της που τηρείται ηλεκτρονικά μέσω της ΕΛΚΑΤ κατά την εκκίνηση της διαπραγμάτευσης των Κοινών Μετοχών της μετά τη Συνένωση Μετοχών, τη 19 ^η Απριλίου 2021, και οι οποίοι εγγράφονται στη Δημόσια Προσφορά.
Prospectus	This document prepared for the purpose of the Public Offering and the admission of the New Shares to trading on the Main Market of the Regulated Securities Market of the ATHEX, in accordance with the Prospectus Regulation, the Delegated Regulations, the applicable provisions of Law 4706/2020 and the enabling decisions of the HCMC, which was approved by the Board of Directors of the HCMC on 20 April 2021.
Ενημερωτικό Δελτίο	Το παρόν έγγραφο που καταρτίστηκε προς το σκοπό της Δημόσιας Προσφοράς και της εισαγωγής των Νέων Μετοχών προς διαπραγμάτευση στην Κύρια Αγορά της Ρυθμιζόμενης Αγοράς Αξιογράφων του Χ.Α., σύμφωνα με τον Κανονισμό για το Ενημερωτικό Δελτίο, τους Κατ' Εξουσιοδότηση Κανονισμούς, τις εφαρμοζόμενες διατάξεις του Ν. 4706/2020 και τις εκτελεστικές αποφάσεις της ΕΚ, το οποίο εγκρίθηκε από το Διοικητικό Συμβούλιο της ΕΚ στις 20 Απριλίου 2021.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended and currently in force.
Κανονισμός για το Ενημερωτικό Δελτίο	Ο Κανονισμός (ΕΕ) 2017/1129 του Ευρωπαϊκού Κοινοβουλίου και του Συμβουλίου, της 14ης Ιουνίου 2017, σχετικά με το ενημερωτικό δελτίο που πρέπει να δημοσιεύεται κατά τη δημόσια προσφορά κινητών αξιών ή κατά την εισαγωγή κινητών αξιών προς διαπραγμάτευση σε ρυθμιζόμενη αγορά και την κατάργηση της οδηγίας 2003/71/ΕΚ, όπως τροποποιήθηκε και ισχύει.
PSI	Private sector involvement in reducing the public debt in Greece through exchanging existing Greek government bonds for new Greek government bonds of a lower nominal value.

Public Offering	The offering of the New Shares to the public in Greece pursuant to this Prospectus and in accordance with the Prospectus Regulation, the applicable provisions of Law 4706/2020 and the enabling decisions of the HCMC.
Δημόσια Προσφορά	Η προσφορά των Νέων Μετοχών προς το κοινό στην Ελλάδα, δυνάμει του παρόντος Ενημερωτικού Δελτίου και σύμφωνα με τον Κανονισμό για το Ενημερωτικό Δελτίο, τις εφαρμοζόμενες διατάξεις του Ν. 4706/2020 και τις εκτελεστικές αποφάσεις της ΕΚ.
Qualified Investors	Shall have the meaning ascribed to it in Article 2(e) of the Prospectus Regulation.
Ειδικοί Επενδυτές	Θα έχει την έννοια που αποδίδεται σε αυτόν τον όρο στο Άρθρο 2(ε) του Κανονισμού για το Ενημερωτικό Δελτίο.
Recapitalisation Plan	The plan for the recapitalisation of Greek banks, mandated by the Bank of Greece in September 2012 pursuant to the HFSF Law.
Reference portfolio	The current and future NPEs and certain other distressed assets as described in the SLA.
Relationship Framework Agreement ...	The relationship framework agreement governing the relationship of the former Piraeus Bank Société Anonyme with the HFSF following the completion of the 2015 Share Capital Increase, entered into on 27 November 2015. The Relationship Framework Agreement applies to both Piraeus Holdings and Piraeus Bank Société Anonyme, as provided for in the HFSF Law and will be set out in a tripartite agreement to be entered into between the HFSF, Piraeus Holdings and Piraeus Bank Société Anonyme.
Συμφωνία Πλαισίου Συνεργασίας	Η συμφωνία πλαισίου συνεργασίας που διέπει τη σχέση της πρώην Τράπεζας Πειραιώς Ανώνυμη Εταιρεία με το ΤΧΣ κατόπιν της ολοκλήρωσης της Αύξησης Μετοχικού Κεφαλαίου του 2015, η οποία συνήφθη στις 27 Νοεμβρίου 2015. Η Συμφωνία Πλαισίου Συνεργασίας εφαρμόζεται τόσο στην Πειραιώς Holdings όσο και στη Τράπεζα Πειραιώς Ανώνυμη Εταιρεία, όπως προβλέπεται στο Νόμο ΤΧΣ και πρόκειται να αποτυπωθεί σε τριμερή συμφωνία που πρόκειται να συναφθεί μεταξύ του ΤΧΣ, της Πειραιώς Holdings και της Τράπεζας Πειραιώς Ανώνυμη Εταιρεία.
REOs	Real estate owned assets.
Restructuring Plan	The restructuring plan of the former Piraeus Bank Société Anonyme in 2014 and its revision in 2015 which included quantified restructuring commitments and commitments on corporate governance and our commercial operations. The Restructuring Plan had been established pursuant to the HFSF Law as a result of the capital support that the former Piraeus Bank Société Anonyme had received from the HFSF in the context of the 2013 Share Capital Increase and the 2015 Share Capital Increase.
Retail Investors	Investors who are not Qualified Investors.
Ιδιώτες Επενδυτές	Επενδυτές που δεν είναι Ειδικοί Επενδυτές.

Reverse Split	The increase of the par value of the ordinary shares of the Issuer from €6.00 to €99.00 per share combined with the concurrent (i) reduction of the total number of such Ordinary Shares from 831,059,164 to 50,367,223 corresponding to a ratio of 16.5 existing Ordinary Shares for 1 new Ordinary Share, and (ii) the increase of the share capital of Piraeus Holdings by €93.00, through the capitalisation of an equal amount from its “share premium” reserve for the purposes of issuing whole number of Ordinary Shares, each as approved by the General Meeting on 7 April 2021.
Συνένωση Μετοχών	Η αύξηση της ονομαστικής αξίας των κοινών μετοχών του Εκδότη από €6,00 σε €99,00 ανά μετοχή, συνδυαζόμενη με την ταυτόχρονη (i) μείωση του συνολικού αριθμού των Κοινών Μετοχών από 831.059.164 σε 50.367.223, που αντιστοιχεί σε αναλογία 16,5 υφιστάμενες Κοινές Μετοχές προς 1 νέα Κοινή Μετοχή, και (ii) την αύξηση του μετοχικού κεφαλαίου της Πειραιώς Holdings κατά €93,00, μέσω της κεφαλαιοποίησης του ισόποσου από το αποθεματικό «έκδοση μετοχών υπέρ το άρτιο», προς το σκοπό έκδοσης ακέραυ α αριθμού Κοινών Μετοχών, όπως τα ανωτέρω εγκρίθηκαν από τη Γενική Συνέλευση της 7ης Απριλίου 2021.
Right to Equity Securities	Securities giving the right to acquire ordinary shares.
Risk-weighted assets	Total assets at period end weighted by risk factors provided by the Bank of Greece, to be used for calculation of capital adequacy level.
SCI Account	The special bank account that Piraeus Holdings has opened at Piraeus Bank for the purpose of the Share Capital Increase.
Λογαριασμός ΑΜΚ	Ο ειδικός τραπεζικός λογαριασμός που έχει ανοίξει η Πειραιώς Holdings στην Τράπεζα Πειραιώς προς το σκοπό της Αύξησης Μετοχικού Κεφαλαίου.
Securities Account	Shall have the meaning ascribed to it in the ATHEXCSD Rulebook.
Λογαριασμός Αξιογράφων	Θα έχει την έννοια που αποδίδεται σε αυτόν τον όρο στον Κανονισμό ΕΛ.ΚΑ.Τ.
Securitisation Law	Law 3156/2003.
Share Capital Decrease	The reduction of the share capital of the Issuer by the amount of four billion nine hundred thirty five million nine hundred eighty seven thousand eight hundred fifty four euros (€4,935,987,854) by reducing the nominal value of each ordinary share of the Issuer from ninety-nine euros (€99.00) to one euro (€1.00), without amending the total number of Ordinary Shares, as such number of Ordinary Shares has been determined following the Reverse Split and the formation of an equivalent special reserve of Article 31, paragraph 2 of Law 4548/2018.
Μείωση Μετοχικού Κεφαλαίου	Η μείωση του μετοχικού κεφαλαίου του Εκδότη κατά τέσσερα δισεκατομμύρια εννιακόσια τριάντα πέντε εκατομμύρια ενιακόσιες ογδόντα επτά χιλιάδες οκτακόσια πενήντα τέσσερα ευρώ (€4.935.987.854), μέσω της μείωσης της ονομαστικής αξίας κάθε κοινής μετοχής του Εκδότη από ενενήντα εννέα ευρώ (€99,00) σε ένα ευρώ (€1,00), χωρίς τη μεταβολή του συνολικού αριθμού των Κοινών Μετοχών, όπως αυτός ο αριθμός καθορίστηκε κατόπιν της Συνένωσης Μετοχών, και τη δημιουργία ισόποσου αποθεματικού, σύμφωνα με το Άρθρο 31, παράγραφο 2 του Νόμου 4548/2018.

Share Capital Increase	The increase of the shares capital of Piraeus Holdings by €1,200,000,000, through payment in cash, the issuance of the New Shares and the disapplication of the pre-emption rights of its existing shareholders approved by its Board of Directors on 16 April 2021.
Αύξηση Μετοχικού Κεφαλαίου	Η αύξηση του μετοχικού κεφαλαίου της Πειραιώς Holdings κατά €1.200.000.000, με την καταβολή μετρητών, την έκδοση των Νέων Μετοχών και τον αποκλεισμό των δικαιωμάτων προτίμησης των υφιστάμενων μετόχων της, η οποία εγκρίθηκε από το Διοικητικό της Συμβούλιο στις 16 Απριλίου 2021.
Short term	This Prospectus includes certain information relating to our short-term targets for financial performance assuming the successful and timely execution of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan. These targets are deemed to be profit forecasts for the purposes of the Prospectus Regulation. We aim to achieve our short-term targets within 1 to 2 years following the timely completion of our NPE Reduction Plan (2022-2023). The execution of our NPE Reduction Plan is expected to last approximately 12 months.
SICR	Significant increase of credit risk.
SLA	The service level agreements between Intrum Hellas and Piraeus Bank in 12 September 2019 and 18 September 2019.
SMEs	Small and medium-sized enterprises with an annual turnover of €2.5 million to €50 million.
SPV	Special purpose vehicle.
SRB	Single Resolution Board.
SRF	Single Resolution Fund.
SRM	Single Resolution Mechanism.
SRM Regulation	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.
SRM Regulation II	Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms.
SSM	Single Supervisory Mechanism.
Standard & Poor's; S&P	Standard & Poor's Credit Market Services Europe Limited.
Third Economic Adjustment Programme	The third economic reform and financial assistance programme introduced by the IMF, EU and ECB in Greece in 2015.
Tier 1 capital	Ordinary shares, share premium, preference shares, reserves, retained earnings, minority interests, hybrid instruments, less treasury shares, less retained losses, less intangible assets, less goodwill.

Tier 1 ratio	Tier 1 capital divided by total risk-weighted assets.
TLTRO III	Seven quarterly ECB targeted longer-term refinancing operations.
Total capital (Tier 1 and Tier 2) ratio . . .	Total capital adequacy ratio (<i>i.e.</i> Tier 1 and Tier 2 capital as defined by the Bank of Greece) divided by risk-weighted assets.
Transferor	A commercial entity as defined in Article 10, paragraph 2 of the Securitisation Law.
U.S. dollars, USD and \$	The lawful currency of the United States of America.
UK	The United Kingdom.
Underwriting Agreement	The underwriting agreement in respect of the Public Offering to be entered into on or about 20 April 2021 between Piraeus Holdings and the Lead Underwriters.
Value-at-Risk or VaR	A model used to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market positions.

PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

General information

This Prospectus relates to the Public Offering and admission to trading of the New Shares on the Main Market of the Regulated Securities Market of the ATHEX, as decided by the Board of Directors of the Issuer at its meeting of 16 April 2021.

The drafting and distribution of this Prospectus have been made in accordance with the provisions of the applicable laws. This Prospectus includes all information required by the Prospectus Regulation, the Delegated Regulations, the applicable provisions of Law 4706/2020 and the enabling relevant decisions of the HCMC, relevant to Piraeus Holdings, the Group and the Public Offering.

Prospective investors seeking additional information and clarifications related to this Prospectus may contact Piraeus Holdings' offices, during working days and hours, at 4 Amerikis Street, 105 64 Athens, Greece (Mr Ioannis Sgagias, Manager, Shareholder Services, Corporate Announcements, +30 210 3335039).

Approval by the competent authority

This Prospectus was approved on 20 April 2021 by the Board of Directors of the HCMC (1 Kolokotroni & Stadiou, 105 62 Athens, Greece, telephone number: +30 210 3377100, <http://www.hcmc.gr/>), as competent authority pursuant to the Prospectus Regulation, as applicable, and Law 4706/2020. The Board of Directors of the HCMC approved this Prospectus only as meeting the standards of completeness, comprehensibility and consistency provided for in the Prospectus Regulation, and this approval shall not be considered as an endorsement of Piraeus Holdings or of the quality of the New Shares that are the subject of this Prospectus. In making an investment decision, prospective investors must rely upon their own examination and analysis as to their investment in the New Shares.

This Prospectus was prepared under the simplified disclosure regime for secondary issuances pursuant to Article 14 of the Prospectus Regulation, Annex 3 and Annex 12 of the Delegated Regulation (EU) 2019/980 and the Delegated Regulation (EU) 2019/979.

Persons responsible

The natural person who is responsible for drawing up this Prospectus, on behalf of Piraeus Holdings, and is responsible for this Prospectus, as per the above, is Theodoros Gnardellis, Group Chief Financial Officer.

The address of the above-listed natural person is the address of Piraeus Holdings: 4 Amerikis Street, 105 64 Athens, Greece.

Piraeus Holdings, the members of its Board of Directors, the natural person who is responsible for drawing up this Prospectus, on its behalf, and Piraeus Bank Société Anonyme (4 Amerikis Street, 105 64 Athens, Greece) and Euroxx Securities S.A. (7 Palaiologou Street, 15232 Chalandri, Athens, Greece) (the "Lead Underwriters"), are responsible for its contents pursuant to Article 60 of Law 4706/2020. The above natural and legal persons declare that they have been informed and agree with the content of this Prospectus and certify that, after they exercised due care for this purpose, the information contained herein, to the best of their knowledge, is true, the Prospectus makes no omission likely to affect its import, and it has been drafted in accordance with the provisions of the Prospectus Regulation, the Delegated Regulations and the applicable provisions of Law 4706/2020. For further details on the composition of the members of our Board of Directors see "*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*".

Piraeus Holdings and the members of its Board of Directors are responsible for its annual audited consolidated financial statements as at and for the year ended 31 December 2020 that have been published in Piraeus Holdings' website, are included in Piraeus' Holdings annual report for 2020 and are incorporated by reference in and form part of this Prospectus.

The Lead Underwriters declare that they meet all the requirements of paragraph 1(c) of Article 60 of Law 4706/2020, namely that they are authorised to provide the investment service of underwriting and/or placing of financial instruments on or without a firm commitment basis in accordance with items 6 and 7, respectively, of Section A of Annex I of Law 4514/2018, as in force.

Third-party information

Information included in this Prospectus deriving from third-party sources is marked with a footnote, which identifies the source of any such information that has been reproduced accurately and, so far as Piraeus Holdings is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Market data used in this Prospectus have been obtained from our internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including, without limitation, reports, and press releases prepared and issued by the International Monetary Fund (the “IMF”), the Hellenic Statistical Authority (the “ELSTAT”), the Bank of Greece, the Hellenic Bank Association (the “HBA”), Eurostat, the European Commission, the Public Debt Management Agency and the ATHEX, as well as the Stability Programme of the Hellenic Republic for the period 2020-2023, and the Monthly Statistical Bulletins of the European Central Bank (the “ECB”). Market research, publicly available information and industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Piraeus Holdings accepts responsibility for accurately extracting and reproducing the same, but accepts no further or other responsibility in respect of the accuracy or completeness of such information.

Unless explicitly provided otherwise or the context otherwise requires, all statistical data pertaining to our market position that is indicated to be derived from the Bank of Greece are the product of our internal calculations and analysis using data provided by the Bank of Greece.

Distribution of this Prospectus

This Prospectus will be made available to investors, in accordance with Article 21, paragraph 2 of the Prospectus Regulation, in electronic form on the following websites:

- ATHEX: <http://www.helex.gr/el/web/guest/company-prospectus>
- HCMC: http://www.hcmc.gr/el_GR/web/portal/elib/deltia
- Piraeus Holdings: <https://www.piraeusholdings.gr/sci2021>
- Piraeus Bank Société Anonyme: <https://www.piraeusholdings.gr/sci2021>
- Euroxx Securities S.A.: <https://www.euroxx.gr/gr/content/article/amkpiraeus>

In addition, printed copies of this Prospectus will be made available to investors at no extra cost, if requested, at the premises of Piraeus Holdings, 4 Amerikis Street, 105 64 and of Euroxx Securities S.A., 7 Palaologou Street, 15232 Chalandri, Athens, Greece, as well as at the branch network of Piraeus Bank in Greece.

SUMMARY

Capitalized terms not defined in this Summary shall have the meaning ascribed to them in this Prospectus.

Introduction

This Summary should be read as an introduction to the Prospectus. Any decision to invest in the New Shares should be based on a consideration of the Prospectus as a whole by investors. Investors could lose all or part of the capital invested in New Shares. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the New Shares. The Issuer of the New Shares is Piraeus Financial Holdings S.A. (former Piraeus Bank Société Anonyme) with a distinctive title “Piraeus Financial Holdings”, registered in Greece (General Commercial Registry number 225501000) with its registered office at 4 Amerikis Street, 105 64 Athens, Greece. Its telephone number is +30 210 333 5000, its website is <https://www.piraeusholdings.gr> and its LEI (Legal Entity Identifier) is M6AD1Y1KW32H8THQ6F76. Piraeus Financial Holdings S.A. is a société anonyme operating under Law 4548/2018. This website address is included in this Prospectus as an inactive textual reference only. The information and other content appearing on such website are not part of this Prospectus.

The shares issued by Piraeus Holdings are ordinary registered shares with voting rights, the nominal amount of which is expressed in euro. The Ordinary Shares are dematerialised, listed on the ATHEX and trade in Euro in the Main Market of the Regulated Securities Market of the ATHEX under ISIN (International Security Identification Number), GRS014003032. The New Shares are ordinary registered shares with voting rights, the nominal amount of which is expressed in euro.

The HCMC is the competent authority to approve this Prospectus (1 Kolokotroni & Stadiou, zip code 105 62 Athens, phone number: 210 3377100, <http://www.hcmc.gr/>). This Prospectus was approved on 20 April 2021.

Key information on the Issuer

Who is the Issuer of the New Shares?

The Issuer of the New Shares is Piraeus Financial Holdings S.A., originally incorporated in Greece under the corporate name Piraeus Bank Société Anonyme on 6 July 1916 pursuant to the laws of the Hellenic Republic. The ordinary shares of Piraeus Holdings (as former Piraeus Bank Société Anonyme) have been listed on the ATHEX since 1918. Following the Demerger on 30 December 2020, the former Piraeus Bank Société Anonyme ceased to be a credit institution, retained activities, assets and liabilities not related to core banking activities and changed its corporate name to “Piraeus Financial Holdings S.A.”. Piraeus Financial Holdings S.A. holds 100% of the share capital of the newly-formed credit institution incorporated under the corporate name “Piraeus Bank Société Anonyme” (which substituted the former Piraeus Bank Société Anonyme, by way of universal succession, to all the transferred assets and liabilities of the core banking operations of the former Piraeus Bank Société Anonyme and which is currently operating as a credit institution) and is the direct or indirect ultimate parent holding company for all other companies that, prior to the Demerger, comprised the “Group”. Piraeus Financial Holdings S.A. (former Piraeus Bank Société Anonyme) with a distinctive title “Piraeus Financial Holdings”, is registered in Greece (General Commercial Registry number 225501000) and has its registered office at 4 Amerikis Street, 105 64 Athens, Greece. Its LEI (Legal Entity Identifier) is M6AD1Y1KW32H8THQ6F76.

Further to the Demerger, Piraeus Holdings’ scope of business includes the direct or indirect shareholding in legal and other entities and undertakings, carrying out of insurance intermediation and insurance distribution activities, the provision of insurance and financial advisory services as well as any other similar or related activities. Piraeus Holdings, to that effect, has retained certain of the assets, liabilities and non-banking activities of the former Piraeus Bank Société Anonyme, as well as significant interests in certain securities and certain entities.

The table below sets out Piraeus Holdings’ shareholding structure after the Reverse Split on the commencement of trading of its Ordinary Shares in the ATHEX on 19 April 2021:

<u>Shareholders</u>	<u>Number of shares</u>	<u>% percentage</u>
HFSF	30,895,478	61.34%
Other Shareholders < 5%	19,471,745	38.66%
Total	50,367,223	100.00%

Source: shareholders’ register (after the Reverse Split on the commencement of trading of its Ordinary Shares in the ATHEX on 19 April 2021).

To the knowledge of Piraeus Holdings, based on the announcements received up to 13 April 2021 pursuant to Regulation (EU) No. 596/2014, Law 3556/2007 and the “HFSF Law, other than the HFSF (which holds 61.34% of the total voting rights of Piraeus Holdings as at 13 April 2021), there is no natural person or legal entity that holds, directly or indirectly, Ordinary Shares representing 5% or more of the total voting rights of Piraeus Holdings. As a result of the HFSF’s current shareholding in Piraeus Holdings of 61.34% and its veto and consent rights under the HFSF Law and the Relationship Framework Agreement, the HFSF may exercise significant influence over certain corporate actions requiring shareholder approval, the functioning and decision making of our Board of Directors, our business, strategy and future prospects.

The composition of our Board of Directors, which was elected by our General Meeting on 26 June 2020 for a term of three years expiring on 26 June 2023 and was constituted as a body corporate pursuant to its resolution of 26 June 2020, is as follows:

Full Name	Capacity
George P. Handjinicolaou	Chairman of the Board of Directors—Non-Executive Member
Karel G. De Boeck	Vice-Chairman—Independent Non-Executive Member
Christos I. Megalou	Managing Director (CEO) (Chief Executive Officer)—Executive Member
Vasileios D. Koutentakis	Member of the Board of Directors—Executive Member
Venetia G. Kontogouri	Member of the Board of Directors—Independent Non-Executive Member
Arne S. Berggren	Member of the Board of Directors—Independent Non-Executive Member
Enrico Tommaso C. Cucchiani	Member of the Board of Directors—Independent Non-Executive Member
David R. Hexter	Member of the Board of Directors—Independent Non-Executive Member
Solomon A. Berahas	Member of the Board of Directors—Independent Non-Executive Member
Andrew D. Panzures	Member of the Board of Directors—Independent Non-Executive Member
Anne J. Weatherston	Member of the Board of Directors—Independent Non-Executive Member
Alexander Z. Blades	Member of Board of Directors—Non-Executive Member
Periklis N. Dontas	Member of Board of Directors—Non-Executive Member—Representative of the HFSF under the HFSF law

Our annual audited consolidated financial statements as at and for the year ended 31 December 2020 were audited by our statutory auditor, Mr Dimitris Koutsos-Koutsopoulos (Reg. No. SOEL 26751), of Deloitte Certified Public Accountants S.A. (Reg. No. SOEL E120).

What is the key financial information regarding the Issuer?

On 26 March 2021, Piraeus Holdings published its annual consolidated financial statements as at and for the year ended 31 December 2020. The Demerger is a business combination involving entities under a common control transaction that involves the set-up of a new company. The Demerger falls outside the scope of IFRS 3, and IFRS does not provide guidance regarding the accounting treatment of such transactions. In line with the Group's accounting policy for business combinations that involve the formation of a new entity in the case of a reorganisation, Piraeus Bank Société Anonyme incorporated the assets and liabilities of the banking sector transferred from the former Piraeus Bank Société Anonyme at their carrying amounts, as presented in the books of the former Piraeus Bank Société Anonyme. The reorganisation had no impact on the Group's consolidated financial statements and was accounted for at carrying values.

The tables below set forth the key financial information for the financial years ended 31 December 2019 and 2020 which have been extracted or derived from our annual audited consolidated financial statements as at and for the year ended 31 December 2020. The information has been presented in accordance with Annex III of the Delegated Regulation (EU) 2019/979 as deemed most appropriate in relation to the Public Offering.

Consolidated Income Statement Data

(€ in millions)	Year ended 31 December	
	2019	2020
Net Interest Income	1,435	1,486
Net Fee and Commission Income	318	317
Net Impairment loss on Financial Assets	778	1,321
Net Trading Income	371	44
Measure of Financial Performance used by the Issuer in the Financial Statements such as		
Operating Profit		
From Continuing Operations:		
Profit/(loss) attributable to equity holders of the parent	270	(652)
From Discontinued Operations:		
Profit/(loss) attributable to equity holders of the parent	10	(10)
Earnings/(Losses) Per Share Attributable to Equity Holders of the Parent (in euros)		
(before the Reverse Split):		
From Continuing operations:		
Basic	0.62	(1.49)
Diluted	0.32	(1.49)
From Discontinued operations:		
Basic	0.02	(0.02)
Diluted	0.01	(0.02)
Total		
Basic	0.64	(1.51)
Diluted	0.33	(1.51)

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Consolidated Balance Sheet Data

(€ in millions)	As at 31 December	
	2019	2020
Total assets	61,231	71,576
Senior debt	—	—
Other borrowed funds	414	933
Loans and advances to customers at amortised cost	39,162	39,624
Due to customers	47,351	49,636
Total equity	7,773	7,153
NPE ratio	48.8%	45.3%
Tier 1 ratio	14.05%	13.75%
Total Capital Ratio	14.92%	15.82%

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

The comparative information as at 31 December 2019 has been adjusted to reflect into the regulatory capital the audited profit for the year ended 31 December 2019.

What are the key risks that are specific to the Issuer?

The key risks specific to the Issuer are the following:

- We may not be able to execute our Capital Enhancement Plan (as described herein), of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan (as described herein) and the implementation of our Transformation Plan (as described herein).
- NPEs and past due loans have had and may continue to have a material and adverse effect to our financial position, capital adequacy and operating results.
- We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations.
- Expiration or scale-down of COVID-19 related moratoria may increase our level of NPEs, which could have an adverse effect on our financial position, capital adequacy and our results of operations.
- Following the participation of the HFSF in the share capital of Piraeus Holdings, our management, business decisions and operation may be significantly affected by the HFSF.
- A material outflow of customer deposits, particularly retail deposits, an inability to attract new deposits, or an inability to lower the cost of deposits over time, could materially and adversely impact our liquidity position and our loans to deposits ratio.
- Deteriorating asset valuations resulting from poor market conditions, particularly in relation to developments in the real estate markets, may adversely affect our future earnings and capital adequacy.
- Adverse developments in the global economic activity and the effects of the COVID-19 pandemic on the Greek economy have had, and are likely to continue to have, material and adverse effects on our business, results of operations and financial condition.
- We are subject to stress testing, which may result in a requirement to raise additional capital or more stringent capital requirements in the future or have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.
- The Group is subject to extensive and complex regulation, which is the subject of ongoing change and reform, imposing a significant compliance burden on the Group and increasing the risk of non-compliance and may result in uncertainty about the Group's ability to achieve and maintain the required capital levels and liquidity.
- Applicable bankruptcy, insolvency, enforcement, and other laws and regulations affecting creditors' rights in Greece where the Group mainly operates may limit the Group's ability to receive payments on defaulted credits.

Key information on the securities

What are the main features of the securities?

The New Shares are ordinary registered shares with voting rights, each having a nominal value of €1.00. The Ordinary Shares are dematerialised, listed on the ATHEX and trade in Euro in the Main Market of the Regulated Securities Market of the ATHEX under ISIN (International Security Identification Number), GRS014003032. A total of up to 1,200,000,000 New Shares will be issued pursuant to the Share Capital Increase. Each Ordinary Share, including the New Shares, carries all the rights and obligations pursuant to Law 4548/2018 and the Articles of Association of Piraeus Holdings, the provisions of which are not stricter than those of Law 4548/2018. Piraeus Holdings is a financial holding company and the parent company of Piraeus Bank. As a result, the Ordinary Shares may be written-down or cancelled by virtue of a decision of the competent resolution authority pursuant to the Greek BRRD Law, even before Piraeus Holdings becomes insolvent or the initiation of any resolution procedure. If such decision is made, the Ordinary Shares will be written-down or cancelled before any other capital instruments of Piraeus Holdings. The Ordinary Shares are freely transferable with no restrictions.

Articles 158 to 163 of Law 4548/2018 and Article 23 of the Articles of Association of Piraeus Holdings apply in relation to the distribution of profits. However, pursuant to the HFSF Law, as long as the HFSF remains a shareholder of Piraeus Holdings, Piraeus Holdings may not distribute dividends exceeding the minimum dividend set out in Article 161 of Law

4548/2018. Moreover, under the HFSF Law, the HFSF's representative appointed at the Board of Directors of Piraeus Holdings can veto any decision of such Board of Directors in connection with, among other matters, dividend distributions. In addition, our ability to distribute profits to our shareholders, as well as the ability of our wholly-owned subsidiary, Piraeus Bank Société Anonyme, to distribute profits to Piraeus Holdings may be restricted, as a result of legal, regulatory and other requirements by which Piraeus Holdings and Piraeus Bank Société Anonyme are bound. Piraeus Holdings (former Piraeus Bank Société Anonyme) has not distributed dividends since 2009 in respect of the financial year ended 31 December 2008.

Where will the securities be traded?

Piraeus Holdings will apply for the admission of the New Shares to trading on the Main Market of the Regulated Securities Market of the ATHEX.

What are the key risks that are specific to the securities?

The key risks attached to the New Shares are the following:

- The New Shares may be subject to the general bail-in tool or the non-viability loss absorption power pursuant to the Greek BRRD Law and can be affected by the implementation of the mandatory burden sharing measures pursuant to the HFSF Law for the provision of extraordinary public financial support pursuant to Article 32, paragraph 3(d)(cc) of Greek BRRD Law, which may result in their write-down or cancellation in full.
- The circumstances under which the relevant resolution authority would take any Greek bail-in action pursuant to the Greek BRRD Law or future legislative or regulatory proposals are vague and such uncertainty may adversely affect the value of our Ordinary Shares, including the New Shares.
- We may in future issue new Ordinary Shares, which may dilute shareholders' participation.
- The market price of our Ordinary Shares may be negatively affected by additional sales of Ordinary Shares by current shareholders or shareholders following the Public Offering.

Key information on the offer of the securities to the public and admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

By virtue of the authority given to it pursuant to the resolution of the General Meeting held on 7 April 2021, our Board of Directors approved, among other matters, the following at its session held on 16 April 2021:

1. The increase of the share capital of Piraeus Holdings by €1,200,000,000, through payment in cash, the disapplication of the preemption rights of its existing shareholders and the issuance of up to 1,200,000,000 new ordinary registered shares, each having a par value of €1.00. The final number of the New Shares will be equal to the quotient of the final nominal amount of the Share Capital Increase divided by their par value of €1.00 per share. No fractions of New Shares will be issued.
2. The Price Range, namely a minimum of €1.00 and a maximum of €1.15 per New Share.
3. That the offering price for the New Shares within the Price Range will be determined by the Board of Directors of Piraeus Holdings after the closing of the book building period for the Institutional Offering in agreement between Piraeus Holdings and the Joint Global Coordinators and it will be identical in the Combined Offering.
4. That the difference between the par value and the final offering price for the New Shares (if any), will be credited to the own funds account of Piraeus Holdings under the caption "issuance of shares above par".
5. That the New Shares will be offered:
 - (a) in Greece, to Retail Investors and Qualified Investors pursuant to the Public Offering; and
 - (b) outside Greece, pursuant to the Institutional Offering.
6. That the New Shares will be admitted to trading on the ATHEX.
7. That if the Share Capital Increase is not fully subscribed for, the share capital of Piraeus Holdings will increase up to the amount actually raised, in accordance with Article 28 of Law 4548/2018.
8. That the duration of the Public Offering will be three business days.

The Public Offering in Greece is addressed to both Retail Investors and Qualified Investors. The participation in the Public Offering by the same natural or legal person simultaneously under the capacity of both Retail Investor and Qualified Investor, is prohibited, with the exception of subscriptions submitted through DSS Participants for the same omnibus securities' depository accounts in both categories of investors. Investors in the Public Offering shall subscribe for New Shares at the maximum price of the Price Range, namely at €1.15 per New Share. Each investor may subscribe for at least one New Share and for integral multiples thereof, at the maximum price of the Price Range. The highest limit for subscription per investor is the total number of the New Shares offered in the Combined Offering, that is up to 1,200,000,000 New Shares, multiplied by the maximum price of the Price Range. Investors may subscribe for New Shares in the Public Offering from the first until 16:00, Greek time, of the last day of the Public Offering period as follows:

- (a) Retail Investors should submit a relevant subscription application during normal business days and hours through the branches of Piraeus Bank, Euroxx Securities S.A. and their DSS Participants (investment firms or banks' custody) and either deposit an amount equal to their total subscription to the SCI Account, or, block an amount equal to such subscription at any of their deposits accounts held with Piraeus Bank of which they are beneficiaries or co-beneficiaries.

- (b) Qualified Investors should submit a relevant subscription application exclusively through their DSS Participants (investment firms or banks' custody) and deposit an amount equal to their subscription at the SCI Account. During the Public Offering period, Qualified Investors shall be entitled to amend their subscriptions and each subscription shall be deemed to cancel the preceding ones.

The number of New Shares that will be allocated to Retail Investors and Qualified Investors will be determined at the end of the Public Offering, having regard to the demand expressed by such investors. A minimum of 15% (corresponding to 180,000,000 of the New Shares) and a minimum of 85% (corresponding to 1,020,000,000 of the New Shares) has been initially allocated to investors subscribed in the Public Offering and the Institutional Offering, respectively. Any allocation of New Shares to the HFSF will be made pursuant to the Institutional Offering. The Board of Directors of Piraeus Holdings has the right to change this allocation split at its discretion, based on the demand expressed in each part of the Combined Offering, save that any such amended allocation of New Shares between the Institutional Offering and the Public Offering may neither affect the HFSF's allocation nor cause the Public Offering to receive a portion lower than the minimum of 15% set out above, if the demand expressed by investors subscribing in the Public Offering is at least equal to such minimum. New Shares initially allocated to, but not subscribed for, in the Public Offering or the Institutional Offering, as applicable, may be reallocated to investors subscribed for in the other part of the Combined Offering, as long as the orders submitted in such other part exceed the above initial allocation and support this reallocation.

Priority Investors will be entitled to the Preferential Allocation, namely a priority allocation of New Shares allocated in the Public Offering, which will be proportionate to the shareholding participation of a Priority Investor in Piraeus Holdings. However, Priority Investors that subscribed in both the Public Offering and the Institutional Offering, as the case may be, will be deprived of their Preferential Allocation. Following the Preferential Allocation, subscriptions for New Shares made by Priority Investors that have not been satisfied, will be added to the subscriptions made by new subscribing investors and will be satisfied proportionately, to the extent unsubscribed New Shares are still available. If subscriptions for New Shares made by Retail Investors or Qualified Investors are higher than the total number of New Shares allocated to them, such subscriptions will be satisfied *pro rata*. If the Public Offering is subscribed for in part, Retail Investors and Qualified Investors will be allocated all (100%) New Shares subscribed for by them.

In a letter addressed to the Issuer, the HFSF expressed full support for the Share Capital Increase and communicated its decision to subscribe for the acquisition of such number of New Shares that will result, following the completion of the Share Capital Increase, in the HFSF holding between a minimum of 27.0% and a maximum of 33.0% of the total number of ordinary voting shares of the Issuer, including those with restricted voting rights. In establishing the allocation of New Shares to the HFSF as set out above, the Issuer will take into account, in consultation with the Joint Global Coordinators, among other criteria, the size of the total demand from private investors, the issue price, and other qualitative criteria, it being understood that the percentage of the total number of ordinary voting shares of the Issuer owned by the HFSF (including those with restricted voting rights) will be at least 27.0%.

The Cornerstone Investors, namely Paulson & Co. Inc. (on behalf of the investment funds managed by it), Helikon Investment Limited and Aristotelis Mistakidis have agreed to acquire as cornerstone investors, pursuant to the terms of the Institutional Offering and subject to customary terms and conditions of a firm "cornerstone" commitment of this nature, and Piraeus Holdings has agreed to allocate to the Cornerstone Investors, New Shares at the offer price of the Combined Offering for a total investment amount per each Cornerstone Investor as follows: Paulson & Co. Inc.: €265,000,000; Helikon Investment Limited: €75,000,000; Aristotelis Mistakidis: €40,000,000. Without prejudice to the allocation principles disclosed elsewhere in this Prospectus, Piraeus Holdings reserves the right to reject subscriptions for New Shares in all cases where Piraeus Holdings believes, in its absolute discretion, that subscriptions for New Shares may have been financed (through loans, credits, guarantees or other means of financing), directly or indirectly, by or with the assistance of Piraeus Holdings or any of its subsidiaries.

Set out below is the expected indicative timetable for the Share Capital Increase and the admission of the New Shares to trading on the ATHEX:

Date	Event
20 April 2021	HCMC approval of the Prospectus.
20 April 2021	Publication of the Prospectus on the Issuer's, Lead Underwriters', HCMC's and ATHEX's website.
20 April 2021	Publication of announcement regarding the availability of the Prospectus in the Daily Statistical Bulletin of the ATHEX and on the Issuer's website.
20 April 2021	Publication of the announcement for the invitation of the investors and the commencement of the Public Offering.
21 April 2021	Commencement of the Public Offering.
23 April 2021	End of the Public Offering.
23 April 2021	Publication of the announcement regarding the final offering price in the Daily Statistical Bulletin of the ATHEX and on the Issuer's website.
29 April 2021	Publication of a detailed announcement concerning the outcome of the Public Offering in the Daily Statistical Bulletin of the ATHEX and on the Issuer's website.
5 May 2021	ATHEX approval regarding the admission of the New Shares to trading.*
5 May 2021	Publication of the announcement stating the trading commencement date of the New Shares in the Daily Statistical Bulletin of the ATHEX and on the Issuer's website.
7 May 2021	Commencement of trading of the New Shares.

Investors should note that the above timetable is indicative and subject to change, in which case Piraeus Holdings will duly and timely inform the investors pursuant to a public announcement.

** Subject to the competent ATHEX committee meeting on that date.*

The table below sets out Piraeus Holdings' shareholding structure on commencement of trading of its Ordinary Shares on 19 April 2021 after the Reverse Split and before the Share Capital Increase:

Shareholders	Number of shares	% percentage
HFSF	30,895,478	61.34%
Paulson & Co. Inc ⁽¹⁾	2,324,137	4.61%
Aristotelis Mistakidis ⁽²⁾	1,528,524	3.04%
Other Shareholders < 5%	15,619,084	31.01%
Total	50,367,223	100.00%

Source: shareholders' register on commencement of trading on 19 April 2021 (15 April 2021 as record date).

- (1) Based on relevant notification received on 20 January 2021 pursuant to Law 3556/2007 following the conversion of the Contingent Convertible Bonds.
- (2) As at 14 January 2021, following relevant notification received on 19 January 2021 pursuant to Law 3556/2007 following the conversion of the Contingent Convertible Bonds.

The table below sets out Piraeus Holdings' shareholding structure after the Share Capital Increase, taking into account the statements made by the HFSF and the Cornerstone Investors and assuming that for the Cornerstone Investors the final offering price for the New Shares will be the maximum price of the Price Range:

Shareholders	Number of shares	% percentage
HFSF ⁽¹⁾	337,599,151	27.00%
Pre-Share Capital Increase Shareholders (excluding Cornerstone Investors)	15,619,084	1.25%
Paulson & Co. Inc.	232,758,919	18.62%
Helikon Investment Limited	65,217,391	5.22%
Aristotelis Mistakidis	36,311,132	2.90%
Other Share Capital Increase Shareholders ⁽²⁾	562,861,546	45.02%
Total	1,250,367,223	100.00%

Source: shareholders' register on commencement of trading on 19 April 2021 (15 April 2021 as record date).

- (1) Assuming participation of 25.6% of the HFSF in the Combined Offering.
- (2) Refers to investors that will participate in the Combined Offering (including Priority Investors and excluding Cornerstone Investors).

Shareholders	Number of shares	% percentage
HFSF ⁽¹⁾	412,621,183	33.00%
Pre-Share Capital Increase Shareholders (excluding Cornerstone Investors)	15,619,084	1.25%
Paulson & Co. Inc.	232,758,919	18.62%
Helikon Investment Limited	65,217,391	5.22%
Aristotelis Mistakidis	36,311,132	2.90%
Other Share Capital Increase Shareholders ⁽²⁾	487,839,514	39.02%
Total	1,250,367,223	100.00%

Source: shareholders' register as at 7 April 2021 (2 April 2021 as record date for the purpose of our General Meeting of 7 April 2021).

- (1) Assuming participation of 31.8% of the HFSF in the Combined Offering.
- (2) Refers to investors that will participate in the Combined Offering (including Priority Investors and excluding Cornerstone Investors).

One Ordinary Share corresponds to one voting right. The above scenarios are hypothetical and based on assumptions that may not be verified. No costs will be charged to investors subscribing for in the Public Offering by Piraeus Holdings.

Why is this Prospectus being produced?

This Prospectus is being produced for (i) the offering of the New Shares to the public in Greece, and (ii) the admission to trading of the New Shares on the Main Market of the Regulated Securities Market of the ATHEX.

Reasons for the Share Capital Increase and use of proceeds

The Share Capital Increase through the Combined Offering represents a key component of our Capital Enhancement Plan, which, in turn, is intended to facilitate the timely execution of our NPE Reduction Plan by allowing us to sustain anticipated losses to be incurred from NPE reduction and ensuring our adequate capital position by strengthening our core capital adequacy ratios. The net proceeds raised by Piraeus Holdings from the Share Capital Increase will be made available to the Bank through a share capital increase, which will be fully subscribed by Piraeus Holdings. The purpose of the Bank's share capital increase is to facilitate the timely execution of the NPE Reduction Plan by allowing the Bank to better sustain anticipated losses to be incurred from NPE sales and ensuring its adequate capital position. The said share capital increase is expected to be completed by June 2021.

As at 31 December 2020, and after giving *pro forma* effect to the successful completion of the Share Capital Increase through the Combined Offering and assuming that the final offering price for the New Shares will be the maximum price of the Price Range, we would have had a phased-in Common Equity Tier 1 ratio of 16.9% and a phased-in total capital ratio of 19%, as compared to reported ratios of 13.75% and 15.82%, respectively, as of the same date.

The Public Offering is not subject to an underwriting agreement on a firm commitment basis.

Provided that the Combined Offering is successful and that all the New Shares are subscribed for and issued, the expected amount of gross proceeds of the Combined Offering is €1,380 million assuming that the final offering price for the New Shares will be the maximum price of the Price Range. Expenses directly related to the Combined Offering are estimated to be approximately €83 million, therefore, the net proceeds of the Public Offering are expected to be approximately €1,297 million on the basis of the same assumption.

The NPE Reduction Plan, the Capital Enhancement Plan and the Transformation Plan

In March 2021, we introduced our Sunrise Plan for Piraeus Bank, which is intended to facilitate our return to a path of sustainable and increasing profitability. Pursuant to the Sunrise Plan, we have adopted the following three strategic initiatives:

- *The NPE Reduction Plan.* The NPE Reduction Plan involves a series of NPE securitisations (under the Hellenic Asset Protection Scheme (the “HAPS”)) and NPE portfolio sales designed to reduce our NPE exposure by €19 billion and enable the Bank to achieve an aspired single-digit NPE ratio in the next 12 months, while targeting an NPE ratio of less than 3% in the medium term. Upon the successful completion of the NPE Reduction Plan, together with the Capital Enhancement Plan (as described below), we expect to have significantly decreased our exposure to NPEs, while maintaining a satisfactory capital position above applicable capital requirements. We believe that these actions will strengthen the credibility of Piraeus Bank as a top tier bank among customers and enable us to focus on the implementation of our long-term strategy pursuant to the Transformation Plan (as described below);
- *The Capital Enhancement Plan.* The Capital Enhancement Plan includes the completion of a series of concerted and comprehensive capital enhancing actions in 2021, including the Share Capital Increase through the Combined Offering, which are intended to strengthen our capital position and improve our capital adequacy ratios. The primary objective of the Capital Enhancement Plan is to facilitate the execution of the NPE Reduction Plan and improve our capital position with capital enhancing actions originally totalling approximately €2.6 billion in 2021, of which approximately €1 billion was originally intended to be provided through the Share Capital Increase. Further to the decision of our Board of Directors on 16 April 2021, the amount to be raised pursuant to the Combined Offering is now expected to range between €1.2 billion and €1.38 billion, while the amount dedicated to our capital enhancement actions in total is now expected to range between approximately €2.8 billion and €3 billion. We believe that the successful completion of the Share Capital Increase, together with the timely execution of the other components of our Capital Enhancement Plan, will allow us to timely execute our NPE Reduction Plan by enabling us to better sustain anticipated losses to be incurred from the NPE sales contemplated by our NPE Reduction Plan; and
- *The Transformation Plan.* The Transformation Plan represents our long-term strategy to achieve operational excellence by focusing on our core commercial banking activities, executing on our business and retail banking growth strategy, increasing efficiency and reducing operating costs throughout our organisation, improving and expanding our digital platform and implementing comprehensive sustainable banking and environmental, social and governance (the “ESG”) policies. Through the implementation of the Transformation Plan, we aim to increase our recurring pre-provision income (“PPI”) by €150 million, up to a target of €1.1 billion in the medium term.

Piraeus Holdings, taking into consideration as a criterion any form of compensation previously provided to Piraeus Bank S.A. as well as the following criteria based on the ESMA guidelines: whether Piraeus Bank S.A. (i) holds equity securities of Piraeus Holdings or its subsidiaries; (ii) has a direct or indirect economic interest that depends on the success of the Public Offering; or (iii) has an understanding or arrangement with major shareholders of Piraeus Holdings, in conjunction with the fact that Piraeus Holdings holds, directly or indirectly, the total number of shares of Piraeus Bank S.A. and of its subsidiaries, therefore being the indirect shareholder of all companies of the Group, declares that there are no interests or conflicting interests of Piraeus Bank S.A. that are material to the Public Offering, other than the interest deriving from the relationship parent to subsidiary company which connects it to Piraeus Bank S.A., the interest of both that depends on the success of the Share Capital Increase as discussed in “—Reasons for the Share Capital Increase and use of proceeds” and as further stated by Piraeus Bank S.A. as Lead Underwriter.

The Lead Underwriters, taking into consideration as criterion any form of compensation previously received from Piraeus Holdings as well as the following criteria based on the ESMA guidelines: (i) whether it holds equity securities of Piraeus Holdings or its subsidiaries; (ii) whether it has a direct or indirect economic interest that depends on the success of the Public Offering; or (iii) whether it has any understanding or arrangement with major shareholders of Piraeus Holdings, (A) Piraeus Bank S.A. in conjunction with the fact that Piraeus Holdings holds, directly or indirectly the total number of shares of Piraeus Bank S.A., declares that it does not have any interests or conflicting interests that are material to the Public Offering, other than the indirect interest deriving from the above-mentioned relationship subsidiary and parent company which connects it to Piraeus Holdings and the direct interest that depends on the success of the Share Capital Increase; (B) Euroxx Securities S.A., declares that it does not have any conflicting interests or interests that are material to the Public Offering.

ΠΕΡΙΛΗΠΤΙΚΟ ΣΗΜΕΙΩΜΑ

Όροι που εμφανίζονται με κεφαλαίο το πρώτο τους γράμμα και δεν ορίζονται στο Περιληπτικό Σημείωμα, έχουν την έννοια που τους αποδίδεται στο παρόν Ενημερωτικό Δελτίο.

Εισαγωγή

Το παρόν Περιληπτικό Σημείωμα πρέπει να εκλαμβάνεται ως εισαγωγή του Ενημερωτικού Δελτίου. Οι επενδυτές πρέπει να βασίσουν οποιαδήποτε επενδυτική απόφασή τους για τις Νέες Μετοχές στην εξέταση του Ενημερωτικού Δελτίου συνολικά. Κατά περίπτωση, οι επενδυτές θα μπορούσαν να χάσουν το σύνολο ή μέρος του επενδυμένου κεφαλαίου σε Νέες Μετοχές. Όταν μια αξίωση σχετικά με τις πληροφορίες που περιέχονται στο παρόν Ενημερωτικό Δελτίο υποβάλλεται ενώπιον δικαστηρίου, ο ενάγων επενδυτής ενδέχεται, σύμφωνα με την εθνική νομοθεσία, να καλύψει τα έξοδα μετάφρασης του Ενημερωτικού Δελτίου πριν από την έναρξη της δικαστικής διαδικασίας. Αστική ευθύνη αποδίδεται μόνο στα πρόσωπα εκείνα που υπέβαλαν το περιληπτικό σημείωμα, συμπεριλαμβανομένης οποιασδήποτε μετάφρασής του, αλλά μόνο εάν το περιληπτικό σημείωμα είναι παραπλανητικό, ανακριβές ή ασυνεπές, σε συνδυασμό με τα άλλα μέρη του Ενημερωτικού Δελτίου, ή δεν παρέχει, σε συνδυασμό με τα άλλα μέρη του Ενημερωτικού Δελτίου, βασικές πληροφορίες ως βοήθεια στους επενδυτές που εξετάζουν το ενδεχόμενο να επενδύσουν στις Νέες Μετοχές. Εκδότρια των Νέων Μετοχών είναι η εταιρεία «Πειραιώς Financial Holdings A.E.» (πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία) με διακριτικό τίτλο «Πειραιώς Financial Holdings», με έδρα τον Δήμο Αθηναίων (Αμερικής 4, Τ.Κ. 105 64, Αθήνα, τηλ. 210 333 5000, ιστοσελίδα <https://www.piraeusholdings.gr> και κωδικό LEI (Legal Entity Identifier) M6AD1Y1KW32H8THQ6F76) ("Πειραιώς Holdings"). Η Πειραιώς Holdings είναι ανώνυμη εταιρεία, η λειτουργία της οποίας διέπεται από το Ν. 4548/2018. Η διεύθυνση της ιστοσελίδας της περιλαμβάνεται στο παρόν Ενημερωτικό Δελτίο ως ένας ανενεργός σύνδεσμος αναφοράς και μόνον. Οι πληροφορίες καθώς και κάθε άλλο περιεχόμενο εμφανιζόμενο στην ιστοσελίδα αυτή δεν αποτελούν μέρος του παρόντος Ενημερωτικού Δελτίου.

Οι μετοχές εκδόσεως της Πειραιώς Holdings είναι κοινές, ονομαστικές μετά ψήφου, εκπεφρασμένες σε ευρώ (οι «Κοινές Μετοχές»). Οι Κοινές Μετοχές είναι άυλες, διαπραγματεύονται σε ευρώ στην Κύρια Αγορά της Ρυθμιζόμενης Αγοράς Αξιογράφων του Χρηματιστηρίου Αθηνών με κωδικό ISIN (International Security Identification Number/Διεθνή Αριθμός Αναγνώρισης Τίτλων) GRS014003032. Οι Νέες Μετοχές είναι κοινές, ονομαστικές μετοχές μετά ψήφου, η δε ονομαστική τους αξία είναι εκπεφρασμένη σε ευρώ.

Αρμόδια Αρχή για την έγκριση του Ενημερωτικού Δελτίου είναι η Επιτροπή Κεφαλαιαγοράς (Κολοκοτρώνη 1 & Σταδίου, Τ.Κ. 105 62 Αθήνα, τηλεφωνικό κέντρο: 210 3377100, <http://www.hcmc.gr/>). Η ημερομηνία έγκρισης του Ενημερωτικού Δελτίου είναι η 20^η Απριλίου 2021.

Βασικές πληροφορίες για τον Εκδότη

Ποιος είναι ο Εκδότης των κινητών αξιών;

Εκδότης των Νέων Μετοχών είναι η Πειραιώς Financial Holdings A.E., η οποία αρχικά συστάθηκε ως Τράπεζα Πειραιώς Ανώνυμη Εταιρεία στην Ελλάδα στις 6 Ιουλίου 1916 υπό το ελληνικό δίκαιο. Οι κοινές μετοχές της Πειραιώς Holdings (ως πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία) διαπραγματεύονται στο Χρηματιστήριο Αθηνών από το 1918. Κατόπιν της Διάσπασης στις 30 Δεκεμβρίου 2020, η πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία έπαυσε να λειτουργεί ως πιστωτικό ίδρυμα, διατήρησε τις δραστηριότητες, τα περιουσιακά στοιχεία και τις υποχρεώσεις που δε σχετίζονταν με βασικές τραπεζικές της δραστηριότητες και μετέβαλε την επωνυμία της σε «Πειραιώς Financial Holdings A.E.». Η Πειραιώς Financial Holdings A.E. κατέχει το 100% του μετοχικού κεφαλαίου του νεοσύσταθέντος πιστωτικού ιδρύματος υπό την επωνυμία Τράπεζα Πειραιώς Ανώνυμη Εταιρεία (το οποίο διαδέχθηκε την πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία μέσω καθολικής διαδοχής ως προς όλα τα σε αυτό μεταβιβασθέντα περιουσιακά στοιχεία και υποχρεώσεις των βασικών τραπεζικών δραστηριοτήτων της πρώην Τράπεζας Πειραιώς Ανώνυμη Εταιρεία και το οποίο λειτουργεί σήμερα ως πιστωτικό ίδρυμα) και αποτελεί την άμεση ή έμμεση απώτατη μητρική εταιρεία συμμετοχών για όλες τις άλλες εταιρείες που, πριν από τη Διάσπαση, αποτελούσαν τον «Ομίλο». Η Πειραιώς Financial Holdings A.E. (πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία) με διακριτικό τίτλο «Πειραιώς Financial Holdings», είναι καταχωρημένη στην Ελλάδα (Γενικό Εμπορικό Μητρώο με αριθμό 225501000) και έχει την έδρα της στην οδό Αμερικής 4, 105 64 Αθήνα, Ελλάδα. Το LEI (Legal Entity Identifier /Αναγνωριστικό Νομικής Οντότητας) είναι M6AD1Y1KW32H8THQ6F76.

Μετά τη Διάσπαση, στις δραστηριότητες της Πειραιώς Holdings περιλαμβάνεται η άμεση ή έμμεση συμμετοχή της σε νομικές και άλλες οντότητες και επιχειρήσεις, που ασκούν δραστηριότητες ασφαλιστικής διαμεσολάβησης και διανομής ασφαλιστικών προϊόντων, η παροχή ασφαλιστικών και χρηματοοικονομικών συμβουλευτικών υπηρεσιών καθώς και οποιεσδήποτε άλλες οι συναφείς δραστηριότητες. Για το σκοπό αυτό, η Πειραιώς Holdings διατήρησε ορισμένα από τα περιουσιακά στοιχεία, τις υποχρεώσεις και τις μη τραπεζικές δραστηριότητες της πρώην Τράπεζας Πειραιώς Ανώνυμη Εταιρεία, καθώς και σημαντικά συμφέροντα σε ορισμένους τίτλους και ορισμένες οντότητες.

Στον πίνακα που ακολουθεί παρουσιάζεται η μετοχική σύνθεση της Πειραιώς Holdings μετά τη Συνένωση Μετοχών κατά την έναρξη διαπραγμάτευσης των Κοινών Μετοχών της στο Χρηματιστήριο Αθηνών την 19^η Απριλίου 2021:

Μέτοχοι	Αριθμός Μετοχών	Ποσοστό % Αριθμού Μετοχών
ΤΧΣ.....	30.895.478	61,34%
Λοιποί Μέτοχοι < 5%.....	19.471.745	38,66%
Σύνολο.....	50.367.223	100,00%

Πηγή: μετοχολόγιο (μετά τη Συνένωση Μετοχών κατά την έναρξη διαπραγμάτευσης των Κοινών μας Μετοχών στο Χρηματιστήριο Αθηνών την 19^η Απριλίου 2021).

Εξ όσων γνωρίζει η Πειραιώς Holdings βασισμένη στις γνωστοποιήσεις που της έχουν αποσταλεί έως και την 13^η Απριλίου 2021 δυνάμει του Κανονισμού (ΕΕ) 596/2014, του Ν.3556/2007 και του Νόμου ΤΧΣ, εκτός του ΤΧΣ (το οποίο κατείχε το 61,34% των συνολικών δικαιωμάτων ψήφου της Πειραιώς Holdings κατά την 13^η Απριλίου 2021), δεν υπάρχει φυσικό ή νομικό πρόσωπο που κατέχει, άμεσα ή έμμεσα, Κοινές Μετοχές που αντιπροσωπεύουν 5% ή περισσότερο του συνόλου των δικαιωμάτων ψήφου της Πειραιώς Holdings.

Ως αποτέλεσμα της υφιστάμενης συμμετοχής του ΤΧΣ στο μετοχικό κεφάλαιο της Πειραιώς Holdings ανερχόμενη σε 61,34% καθώς και των δικαιωμάτων αρνησικυρίας (veto) και παροχής συναίνεσης που του παρέχονται από το Νόμο ΤΧΣ και τη Συμφωνία Πλαισίου Συνεργασίας, το ΤΧΣ δύναται να ασκεί σημαντική επιρροή επί συγκεκριμένων εταιρικών πράξεων που απαιτούν την έγκριση των μετόχων,

στη λειτουργία και στη λήψη αποφάσεων από το Διοικητικό Συμβούλιο της Πειραιώς Holdings, στην επιχειρηματική της δραστηριότητα, στη στρατηγική και στις μελλοντικές προοπτικές της.

Κατωτέρω παρατίθεται η σύνθεση του Διοικητικού Συμβουλίου της Πειραιώς Holdings, το οποίο εκλέχθηκε από την Γενική Συνέλευση την 26 Ιουνίου 2020 για θητεία τριών ετών έως την 26^η Ιουνίου 2023 και συγκροτήθηκε σε σώμα με απόφαση του Διοικητικού Συμβουλίου της την 26^η Ιουνίου 2020:

Ονοματεπώνυμο	Ιδιότητα
Γεώργιος Π. Χαντζηνικολάου	Πρόεδρος Δ.Σ.—Μη Εκτελεστικό Μέλος
Karel G. De Boeck	Αντιπρόεδρος Δ.Σ.—Ανεξάρτητο Μη Εκτελεστικό Μέλος
Χρήστος Ι. Μεγάλο	Διευθύνων Σύμβουλος—Εκτελεστικό Μέλος
Βασίλειος Δ. Κουτεντάκης	Μέλος του Διοικητικού Συμβουλίου—Εκτελεστικό Μέλος
Βενετία Γ. Κοντογούρη	Μέλος του Διοικητικού Συμβουλίου—Ανεξάρτητο Μη Εκτελεστικό Μέλος
Arne S. Berggren	Μέλος του Διοικητικού Συμβουλίου—Ανεξάρτητο Μη Εκτελεστικό Μέλος
Enrico Tommaso C. Cucchiani	Μέλος του Διοικητικού Συμβουλίου—Ανεξάρτητο Μη Εκτελεστικό Μέλος
David R. Hexter	Μέλος του Διοικητικού Συμβουλίου—Ανεξάρτητο Μη Εκτελεστικό Μέλος
Σολομών Α. Μπεράχας	Μέλος του Διοικητικού Συμβουλίου—Ανεξάρτητο Μη Εκτελεστικό Μέλος
Andrew D. Panzures	Μέλος του Διοικητικού Συμβουλίου—Ανεξάρτητο Μη Εκτελεστικό Μέλος
Anne J. Weatherston	Μέλος του Διοικητικού Συμβουλίου—Ανεξάρτητο Μη Εκτελεστικό Μέλος
Αλέξανδρος Ζ. Βλαδές	Μέλος του Διοικητικού Συμβουλίου—Μη Εκτελεστικό Μέλος
Περικλής Ν. Δοντάς	Μέλος του Διοικητικού Συμβουλίου—Μη Εκτελεστικό Μέλος – Εκρόσωπος του ΤΧΣ ⁽¹⁾

(1) Υπό το Νόμο ΤΧΣ.

Ο έλεγχος των ετήσιων ελεγμένων δημοσιευμένων ενοποιημένων χρηματοοικονομικών καταστάσεων για τη χρήση που έληξε στις 31 Δεκεμβρίου 2020 διενεργήθηκε από το τακτικό ελεγκτή, κο. Δημήτρη Κουτσό-Κουτσόπουλο (Αρ.Μητρ. ΣΟΕΛ 26751), της Deloitte Ανώνυμης Εταιρείας Ορκωτών Ελεγκτών Λογιστών (Αρ.Μητρ. ΣΟΕΛ Ε120).

Ποιες είναι οι βασικές χρηματοοικονομικές πληροφορίες σχετικά με τον Εκδότη;

Στις 26 Μαρτίου 2021, η Πειραιώς Holdings δημοσίευσε τις ετήσιες ελεγμένες ενοποιημένες χρηματοοικονομικές καταστάσεις της για την χρήση που έληξε στις 31 Δεκεμβρίου 2020. Η Διάσπαση αποτελεί έναν επιχειρηματικό μετασχηματισμό, στον οποίο συμμετέχουν οντότητες που τελούν υπό κοινό έλεγχο σε μια συναλλαγή που συνίσταται στην ίδρυση μιας νέας εταιρίας. Η Διάσπαση είναι εκτός του πεδίου εφαρμογής του ΔΛΠ 3, και τα ΔΛΠ δεν παρέχουν καθοδήγηση σχετικά με την λογιστική μεταχείριση τέτοιων συναλλαγών. Σε συμμόρφωση με τη λογιστική πολιτική του Ομίλου για τους επιχειρηματικούς μετασχηματισμούς που περιλαμβάνουν την ίδρυση νέας οντότητας σε περίπτωση αναδιοργάνωσης, η Τράπεζα Πειραιώς Ανώνυμη Εταιρεία ενσωμάτωσε τα στοιχεία του ενεργητικού και του παθητικού του τραπεζικού τομέα που μεταβιβάστηκαν από την πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία στην λογιστική τους αξία, όπως παρουσιάζεται στα βιβλία της πρώην Τράπεζας Πειραιώς Ανώνυμη Εταιρεία. Η αναδιοργάνωση δεν είχε κανένα αντίκτυπο στις ενοποιημένες χρηματοοικονομικές καταστάσεις του Ομίλου και υπολογίστηκε με βάση τις λογιστικές αξίες.

Στους παρακάτω πίνακες παρατίθενται οι βασικές χρηματοοικονομικές πληροφορίες, όπως έχουν κατά την λήξη της χρήσεως που έληξε στις 31 Δεκεμβρίου 2019 και 2020 οι οποίες έχουν εξαχθεί ή προέρχονται από τις ετήσιες ελεγμένες ενοποιημένες χρηματοοικονομικές καταστάσεις της χρήσεως που έληξε στις 31 Δεκεμβρίου 2020. Οι πληροφορίες έχουν παρουσιαστεί σύμφωνα με το Παράρτημα ΙΙΙ του Κατ' Εξουσιοδότηση Κανονισμού (ΕΕ) 2019/979, όπως αρμόζει σε σχέση με τη Δημόσια Προσφορά.

Στοιχεία Ενοποιημένης Κατάστασης Αποτελεσμάτων

(€ σε εκατομμύρια)	31 Δεκεμβρίου	
	2019	2020
Καθαρά Έσοδα από Τόκους (ή ισοδύναμο)	1.435	1.486
Καθαρά Έσοδα Προμηθειών.....	318	317
Καθαρή Ζημία Απομείωσης Χρηματοοικονομικών Περιουσιακών Στοιχείων	778	1.321
Καθαρό Αποτέλεσμα Εκμετάλλευσης	371	44
Μέγεθος Μέτρησης των Χρηματοοικονομικών Επιδόσεων που χρησιμοποιείται από τον Εκδότη στις χρηματοοικονομικές καταστάσεις, όπως Κέρδος Εκμετάλλευσης		
Από Συνεχιζόμενες Δραστηριότητες:		
Κέρδη/(Ζημίες) αναλογούντα στους μετόχους της μητρικής.....	270	(652)
Από Διακοπείσες Δραστηριότητες:		
Κέρδη/(Ζημίες) αναλογούντα στους μετόχους της μητρικής.....	10	(10)
Κέρδη/(Ζημίες) ανά Μετοχή Αναλογούντα στους Μετόχους της Μητρικής (σε ευρώ) (πριν τη Συνένωση Μετοχών):		
Από Συνεχιζόμενες Δραστηριότητες:		
Βασικά	0,62	(1,49)
Προσαρμοσμένα	0,32	(1,49)
Από Διακοπείσες Δραστηριότητες:		
Βασικά	0,02	(0,02)
Προσαρμοσμένα	0,01	(0,02)
Σύνολο		
Βασικά	0,64	(1,51)
Προσαρμοσμένα	0,33	(1,51)

Πηγή: ετήσιες ελεγμένες χρηματοοικονομικές καταστάσεις χρήσεως που έληξε στις 31 Δεκεμβρίου 2020.

Στοιχεία Ενοποιημένης Κατάστασης Χρηματοοικονομικής Θέσης

(€ σε εκατομμύρια)	31 Δεκεμβρίου	
	2019	2020
Σύνολο ενεργητικού	61.231	71.576
Χρέος με εξοφλητική προτεραιότητα	—	—
Λοιπές δανειακές υποχρεώσεις	414	933
Δάνεια και απαιτήσεις πελατών στο αποσβεσμένο κόστος	39.162	39.624
Υποχρεώσεις προς πελάτες	47.351	49.636
Σύνολο ιδίων κεφαλαίων	7.773	7.153
Δείκτης MEA	48,8%	45,3%
Δείκτης κεφαλαίου κοινών μετοχών της κατηγορίας I (CET1)	14,05%	13,75%
Συνολικός δείκτης κεφαλαίου	14,92%	15,82%

Πηγή: ετήσιες ελεγμένες χρηματοοικονομικές καταστάσεις χρήσεως που έληξε στις 31 Δεκεμβρίου 2020.

Οι συγκριτικές πληροφορίες των ελεγμένων χρηματοοικονομικών καταστάσεων που έληξαν στις 31 Δεκεμβρίου 2019 προσαρμόστηκαν για να ενσωματώσουν στο κεφάλαιο που είναι δεσμευμένο για λόγους κεφαλαιακής επάρκειας, το ελεγμένο κέρδος για το έτος που έληξε στις 31 Δεκεμβρίου 2019.

Ποιοι είναι οι βασικοί κίνδυνοι που αφορούν ειδικά τον Εκδότη;

Οι βασικοί κίνδυνοι που αφορούν ειδικά τον Εκδότη είναι οι ακόλουθοι:

- Ο Όμιλος πιθανόν να μην είναι σε θέση να ολοκληρώσει σε προσηκόντα χρόνο, ή και καθόλου, το Σχέδιο Κεφαλαιακής Ενίσχυσης (όπως περιγράφεται κατωτέρω), του οποίου η Αύξηση Μετοχικού Κεφαλαίου μέσω της Συνδυασμένης Προσφοράς αποτελεί αναπόσπαστο μέρος, γεγονός το οποίο ενδέχεται να έχει δυσμενείς συνέπειες στην εκτέλεση του Σχεδίου Μείωσης των MEA και της εφαρμογής του Προγράμματος Μετασχηματισμού (όπως περιγράφονται κατωτέρω).
- Τα MEA (Μη Εξυπηρετούμενα Ανοίγματα) και τα δάνεια σε καθυστέρηση είχαν, και ενδέχεται να συνεχίσουν να έχουν, ουσιώδη δυσμενή επίπτωση στην οικονομική κατάσταση, στην κεφαλαιακή επάρκεια και στα λειτουργικά αποτελέσματά μας.
- Το Σχέδιο Μείωσης των MEA ενδέχεται να μην μπορέσει να υλοποιηθεί σε προσηκόντα χρόνο ή και εξ ολοκλήρου, γεγονός που θα έχει ουσιώδη επίπτωση στην επιχειρηματική δραστηριότητα, στη χρηματοοικονομική κατάσταση, στην κεφαλαιακή επάρκεια ή στα λειτουργικά αποτελέσματά μας.
- Η λήξη ή ο περιορισμός της αναστολής αποπληρωμών στο πλαίσιο του COVID-19 ενδεχομένως να αυξήσει τα επίπεδα των MEA μας, γεγονός που θα έχει δυσμενείς συνέπειες στην χρηματοοικονομική κατάσταση, στην κεφαλαιουχική επάρκεια και στα λειτουργικά αποτελέσματά μας.
- Λόγω της συμμετοχής του ΤΧΣ στο μετοχικό κεφάλαιο της Πειραιώς Holdings, η διοίκηση, οι επιχειρηματικές αποφάσεις και η λειτουργία της είναι πιθανό να επηρεαστούν σημαντικά από το ΤΧΣ.
- Σημαντική εκροή των καταθέσεων πελατών, ιδίως των καταθέσεων λιανικής, αδυναμία προσέλκυσης νέων καταθέσεων ή αδυναμία μείωσης του κόστους των καταθέσεων σε βάθος χρόνου μπορεί να επηρεάσουν ουσιωδώς και δυσμενώς τα λειτουργικά αποτελέσματά μας, τη χρηματοοικονομική μας κατάσταση, τη ρευστότητα του Ομίλου και το δείκτη δανείων προς καταθέσεις.
- Οι επιδεινούμενες αποτιμήσεις των στοιχείων του ενεργητικού που προκύπτουν από τις δυσχερείς συνθήκες της αγοράς, ιδιαίτερα σε σχέση με τις εξελίξεις στην αγορά ακινήτων, πιθανόν να επηρεάσουν δυσμενώς τα μελλοντικά έσοδα και την κεφαλαιακή επάρκεια του Ομίλου.
- Οι δυσμενείς εξελίξεις στην παγκόσμια οικονομική δραστηριότητα και ο αντίκτυπος της πανδημίας του COVID-19 στην Ελληνική οικονομία είχαν, και ενδέχεται να συνεχίσουν να έχουν, ουσιώδεις και δυσμενείς συνέπειες στην επιχειρηματική δραστηριότητα, στα λειτουργικά αποτελέσματα και στη χρηματοοικονομική κατάσταση του Ομίλου.
- Ο Όμιλος υπόκειται σε ασκήσεις προσομοίωσης ακραίων καταστάσεων, γεγονός που πιθανόν να οδηγήσει στην ανάγκη άντλησης πρόσθετων κεφαλαίων ή στην θέσπιση πιο αυστηρών κεφαλαιακών απαιτήσεων στο μέλλον.
- Ο Όμιλος υπόκειται σε εκτενή και πολύπλοκη νομοθεσία, η οποία αποτελεί διαρκώς αντικείμενο τροποποιήσεων και αναμορφώσεων, επιβάλλοντας έτσι σε αυτόν σημαντικό βάρος συμμόρφωσης και αυξάνοντας τον κίνδυνο αδυναμίας συμμόρφωσης που ενδέχεται να δημιουργήσει αβεβαιότητα για την δυνατότητα του Ομίλου να επιτύχει και να διατηρήσει τα απαιτούμενα επίπεδα κεφαλαιακής επάρκειας και την απαιτούμενη ρευστότητα.
- Το εφαρμοστέο θεσμικό πλαίσιο που ρυθμίζει θέματα πτώχευσης, αφερεγγυότητας, αναγκαστικής εκτέλεσης και άλλοι νόμοι και κανονισμοί που επηρεάζουν τα δικαιώματα των πιστωτών στην Ελλάδα, όπου δραστηριοποιείται ο Όμιλος, μπορεί να περιορίσουν τη δυνατότητα του Ομίλου να λάβει πληρωμές από τα δάνεια σε καθυστέρηση.

Βασικές πληροφορίες για τις κινητές αξίες**Ποια είναι τα κύρια χαρακτηριστικά των κινητών αξιών;**

Οι Νέες Μετοχές είναι κοινές, ονομαστικές μετοχές μετά ψήφου, ονομαστικής αξίας €1,00 η κάθε μία. Οι Κοινές Μετοχές είναι άυλες, διαπραγματεύονται σε ευρώ στην Κύρια Αγορά της Ρυθμιζόμενης Αγοράς Αξιογράφων του Χρηματιστηρίου Αθηνών με κωδικό ISIN (International Security Identification Number/Διεθνής Αριθμός Αναγνώρισης Τίτλων) GRS014003032.

Συνολικά θα εκδοθούν έως και 1.200.000.000 Νέες Μετοχές δυνάμει της Αύξησης Μετοχικού Κεφαλαίου. Κάθε Κοινή Μετοχή, συμπεριλαμβανομένων των Νέων Μετοχών, ενσωματώνει όλα τα δικαιώματα και τις υποχρεώσεις που καθορίζονται από τον Ν.4548/2018 και το Καταστατικό της Πειραιώς Holdings, το οποίο δεν περιέχει αυστηρότερες διατάξεις από αυτές που προβλέπει ο Ν.4548/2018. Η Πειραιώς Holdings είναι χρηματοδοτική εταιρεία συμμετοχών και μητρική εταιρεία της Τράπεζας Πειραιώς. Συνεπώς, οι Κοινές Μετοχές υπόκεινται στην εξουσία απομείωσης ή διαγραφής δυνάμει απόφασης της αρμόδιας αρχής εξυγίανσης σύμφωνα με τον Ελληνικό BRRD Νόμο, ακόμα και πριν την επέλευση αφερεγγυότητας της Πειραιώς Holdings και τη λήψη οποιουδήποτε μέτρου εξυγίανσής της. Σε

περίπτωση λήψης τέτοιας απόφασης, οι Κοινές Μετοχές υπόκεινται σε απομείωση ή διαγραφή πριν από οποιαδήποτε άλλη κατηγορία κεφαλαιακών μέσων της Πειραιώς Holdings. Δεν υφίστανται περιορισμοί στην ελεύθερη μεταβίβαση των Κοινών Μετοχών.

Τα Άρθρα 158 και 163 του Νόμου 4548/2018 και το Άρθρο 23 του Καταστατικού της Πειραιώς Holdings εφαρμόζονται σε σχέση με την διανομή των κερδών. Ωστόσο, σύμφωνα με το Νόμο ΤΧΣ, για όσο διάστημα το ΤΧΣ παραμένει μέτοχος της Πειραιώς Holdings, η Πειραιώς Holdings δε δύναται να διανείμει μέρισμα μεγαλύτερο του ελάχιστου μερίσματος, όπως αυτό ορίζεται στο Άρθρο 161 του Ν. 4548/2018. Επίσης, σύμφωνα με τον Νόμο ΤΧΣ, ο εκπρόσωπος του ΤΧΣ που έχει οριστεί στο Διοικητικό Συμβούλιο της Πειραιώς Holdings έχει δικαίωμα αρνησικυρίας (veto) σε κάθε τέτοια απόφαση του Διοικητικού Συμβουλίου που σχετίζεται, μεταξύ άλλων, με την διανομή μερισμάτων. Επιπρόσθετα, η δυνατότητα της Πειραιώς Holdings να διανείμει κέρδη στους μετόχους της, όπως και η δυνατότητα της εξ'ολοκλήρου θυγατρικής της, ήτοι της Τράπεζα Πειραιώς, να διανείμει κέρδη στην Πειραιώς Holdings, μπορεί να περιοριστεί ως αποτέλεσμα νομικών, ρυθμιστικών και άλλων απαιτήσεων που δεσμεύουν την Πειραιώς Holdings και την Τράπεζα Πειραιώς Ανώνυμη Εταιρεία.

Η Πειραιώς Holdings (πρώην Τράπεζα Πειραιώς Ανώνυμη Εταιρεία) δεν έχει διανείμει μερίσματα από το έτος 2009 σε σχέση με την χρήση που έληξε στις 31 Δεκεμβρίου 2008.

Πούπραγματοποιείται η διαπραγμάτευση των κινητών αξιών;

Η Πειραιώς Holdings θα αιτηθεί την εισαγωγή προς διαπραγμάτευση των Νέων Μετοχών στην Κύρια Αγορά της Ρυθμιζόμενης Αγοράς Αξιογράφων του Χ.Α.

Ποιοί είναι οι βασικοί κίνδυνοι που αφορούν ειδικά τις κινητές αξίες;

Οι βασικοί κίνδυνοι που αφορούν ειδικά τις Νέες Μετοχές είναι οι ακόλουθοι:

- Οι Νέες Μετοχές υπόκεινται στο γενικό εργαλείο διάσωσης με ίδια μέσα και στην εξουσία απορρόφηση ζημιών στο σημείο μη βιωσιμότητας σύμφωνα με τον Ελληνικό BRRD Νόμο, καθώς και σε μέτρα επιμερισμού βαρών για την παροχή προληπτικής κεφαλαιακής στήριξης σύμφωνα με τον Νόμο ΤΧΣ για την παροχή έκτακτης δημόσιας χρηματοοικονομικής στήριξης σύμφωνα με το Άρθρο 32, παράγραφος 3 περίπτωση (δ) (γγ) του Ελληνικού BRRD Νόμου, τα οποία ενδέχεται να οδηγήσουν σε πλήρη απομείωση ή ακύρωσή τους.
- Οι περιστάσεις υπό τις οποίες η αρμόδια αρχή εξυγίανσης μπορεί να ασκήσει την εξουσία διάσωσης με ίδια μέσα σύμφωνα με τον Ελληνικό BRRD Νόμο ή βάσει μελλοντικών νομοθετικών ή κανονιστικών προτάσεων είναι ασαφείς και η αβεβαιότητα αυτή μπορεί να επηρεάσει την αξία των Κοινών Μετοχών συμπεριλαμβανομένων των Νέων Μετοχών.
- Είναι πιθανό στο μέλλον να εκδοθούν νέες Κοινές Μετοχές οι οποίες μπορεί να μειώσουν τα ποσοστά συμμετοχής των μετόχων.
- Η τιμή των Κοινών Μετοχών ενδέχεται να επηρεαστεί αρνητικά από πρόσθετες πωλήσεις Κοινών Μετοχών από τους υφιστάμενους ή τους μελλοντικούς μετόχους μετά τη Συνδυασμένη Προσφορά.

Βασικές πληροφορίες για τη Δημόσια Προσφορά των κινητών αξιών και την εισαγωγή προς διαπραγμάτευση σε ρυθμιζόμενη αγορά

Υπό ποιες προϋποθέσεις και με ποιο χρονοδιάγραμμα μπορεί να επενδύσω στην εν λόγω κινητή αξία;

Κατόπιν της εξουσιοδότησης που του παρασχέθηκε δυνάμει της από 07.04.2021 απόφασης της Γενικής Συνέλευσης, στις 16 Απριλίου 2021 το Διοικητικό Συμβούλιο της Πειραιώς Holdings ενέκρινε, μεταξύ άλλων θεμάτων, τα ακόλουθα:

1. την αύξηση του μετοχικού κεφαλαίου της Πειραιώς Holdings μέχρι και €1.200.000.000, με την καταβολή μετρητών, με αποκλεισμό του δικαιώματος προτίμησης των υφιστάμενων μετόχων της και την έκδοση μέχρι και 1.200.000.000 νέων κοινών ονομαστικών μετοχών, ονομαστικής αξίας €1,00 η κάθε μία. Ο τελικός αριθμός των Νέων Μετοχών θα ισούται με το πηλίκο του συνολικού ονομαστικού ποσού της Αύξησης Μετοχικού Κεφαλαίου διαιρούμενο με την ονομαστική αξία €1,00 της καθεμιάς μετοχής. Δεν θα εκδοθούν κλάσματα Νέων Μετοχών.
2. το Εύρος Τιμών, ήτοι ελάχιστη τιμή €1,00 και μέγιστη τιμή €1,15.
3. ότι η τιμή διάθεσης των Νέων Μετοχών εντός του Εύρους Τιμών θα καθορισθεί από το Διοικητικό Συμβούλιο της Πειραιώς Holdings κατόπιν της ολοκλήρωσης της διαδικασίας του βιβλίου προσφορών της Διεθνούς Προσφοράς, σε συμφωνία της Πειραιώς Holdings με τους Γενικούς Συντονιστές, και θα είναι κοινή στη Συνδυασμένη Προσφορά.
4. ότι η διαφορά μεταξύ της ονομαστικής αξίας και της τελικής τιμής διάθεσης των Νέων Μετοχών (εάν υπάρξει), θα πιστωθεί στο λογαριασμό «διαφορά από έκδοση μετοχών υπέρ του άρτιο» των ιδίων κεφαλαίων της Πειραιώς Holdings.
5. ότι οι Νέες Μετοχές θα διατεθούν:
 - (α) στην Ελλάδα, μέσω Δημόσιας Προσφοράς σε Ιδιώτες Επενδυτές και Ειδικούς Επενδυτές, και
 - (β) εκτός Ελλάδος, μέσω της Διεθνούς Προσφοράς.
6. ότι οι Νέες Μετοχές θα εισαχθούν προς διαπραγμάτευση στο Χ.Α.
7. ότι εάν η Αύξηση Μετοχικού Κεφαλαίου δεν καλυφθεί πλήρως, το μετοχικό κεφάλαιο της Πειραιώς Holdings θα αυξηθεί κατά το ποσό της τελικής κάλυψης, σύμφωνα με το Άρθρο 28 του Νόμου 4548/2018.
8. ότι η διάρκεια της Δημόσιας Προσφοράς θα είναι τρεις εργάσιμες ημέρες.

Η Δημόσια Προσφορά στην Ελλάδα απευθύνεται τόσο σε Ιδιώτες Επενδυτές όσο και σε Ειδικούς Επενδυτές. Δεν επιτρέπεται η συμμετοχή στη Δημόσια Προσφορά από το ίδιο φυσικό ή νομικό πρόσωπο ή άλλη οντότητα ταυτόχρονα με την ιδιότητα του Ιδιώτη Επενδυτή και του Ειδικού Επενδυτή, εξαιρουμένων των εγγραφών μέσω Συμμετεχόντων Σ.Α.Τ. που εγγράφονται για τον ίδιο συλλογικό λογαριασμό αξιογράφων (omnibus account) και στις δύο κατηγορίες επενδυτών. Οι επενδυτές στην Δημόσια Προσφορά θα εγγράφονται για τις Νέες Μετοχές στην ανώτατη τιμή του Εύρους Τιμών, ήτοι €1,15 για κάθε Νέα Μετοχή. Κάθε επενδυτής μπορεί να εγγράφεται για μία τουλάχιστον Νέα Μετοχή και για ακέραια πολλαπλάσια αυτής, στην ανώτατη τιμή του Εύρους Τιμών. Ανώτατο όριο εγγραφής για κάθε επενδυτή είναι το σύνολο των Νέων Μετοχών, δηλαδή έως και 1.200.000.000 μετοχές επί την ανώτατη τιμή του Εύρους Τιμών. Επενδυτές μπορούν να εγγράφονται για Νέες Μετοχές στη Δημόσια Προσφορά από την πρώτη μέχρι και τις 16:00 ώρα Ελλάδος της τελευταίας ημέρας της περιόδου της Δημόσιας Προσφοράς ως εξής:

- (α) Οι Ιδιώτες Επενδυτές πρέπει να υποβάλουν την σχετική αίτηση εγγραφής κατά τις εργάσιμες μέρες και ώρες μέσω των καταστημάτων της Τράπεζας Πειραιώς και της Euroxx Χρηματιστηριακή ΑΕΠΕΥ, καθώς και μέσω των Συμμετεχόντων Σ.Α.Τ. (επιχειρήσεις επενδύσεων ή θεματοφυλακή τράπεζας) με τους οποίους συνεργάζονται και να καταθέσουν ποσό ίσο με την

(β)	συνολική εγγραφή τους στο Λογαριασμό ΑΜΚ ή να δεσμεύσουν το ισόποσο της αιτούμενης συμμετοχής τους σε πάσης φύσεως λογαριασμούς καταθέσεων που τηρούνται στην Τράπεζα Πειραιώς, και στους οποίους εμφανίζονται ως δικαιούχοι ή συνδικαιούχοι. Οι Ειδικοί Επενδυτές πρέπει να υποβάλουν την σχετική αίτηση εγγραφής αποκλειστικά μέσω των Συμμετεχόντων Σ.Α.Τ. (επιχειρήσεις επενδύσεων ή θεματοφυλακή τράπεζας) με τους οποίους συνεργάζονται και να καταθέσουν ποσό ίσο με την συνολική εγγραφή τους στον Λογαριασμό ΑΜΚ. Κατά την διάρκεια της Δημόσιας Προσφοράς, οι Ειδικοί Επενδυτές θα μπορούν να τροποποιούν τις εγγραφές τους και κάθε νέα εγγραφή θα ακυρώνει τις προηγούμενες. Ο αριθμός των Νέων Μετοχών που θα κατανεμηθεί σε Ιδιώτες Επενδυτές και σε Ειδικούς Επενδυτές θα καθοριστεί στο τέλος της Δημόσιας Προσφοράς, λαμβάνοντας υπόψη τη ζήτηση που θα έχουν εκδηλώσει αυτοί οι επενδυτές. Τουλάχιστον 15% των Νέων Μετοχών (που αντιστοιχεί σε 180.000.000 εκ των Νέων Μετοχών) και τουλάχιστον 85% των Νέων Μετοχών (που αντιστοιχεί σε 1.020.000.000 εκ των Νέων Μετοχών) έχει κατ' αρχάς επιμεριστεί στους επενδυτές που εγγράφονται στη Δημόσια Προσφορά και στη Διεθνή Προσφορά, αντίστοιχα. Οποιαδήποτε κατανομή Νέων Μετοχών στο ΤΧΣ θα πραγματοποιηθεί στο πλαίσιο της Διεθνούς Προσφοράς. Το Διοικητικό Συμβούλιο της Πειραιώς Holdings έχει το δικαίωμα να μεταβάλλει αυτήν την κατανομή κατά τη διακριτική ευχέρειά του, με βάση τη ζήτηση που θα εκδηλωθεί σε κάθε σκέλος της Συνδυασμένης Προσφοράς, οποιαδήποτε τέτοια μεταβολή στην κατανομή Νέων Μετοχών μεταξύ της Διεθνούς Προσφοράς και της Δημόσιας Προσφοράς δεν θα πρέπει να επηρεάζει την κατανομή προς το ΤΧΣ ούτε να έχει ως αποτέλεσμα η κατανομή στη Δημόσια Προσφορά να υπολείπεται του ανωτέρω ελάχιστου ποσοστού 15%, εάν η ζήτηση από επενδυτές που εγγράφονται στη Δημόσια Προσφορά είναι τουλάχιστον ίση με αυτό το ελάχιστο ποσοστό. Νέες Μετοχές που επιμερίστηκαν αρχικώς, κατά περίπτωση, στη Δημόσια Προσφορά ή στη Διεθνή Προσφορά, αλλά δεν αναλήφθηκαν τελικώς, δύνανται να ανακατανεμηθούν σε επενδυτές που θα έχουν εγγραφεί στο έτερο σκέλος της Συνδυασμένης Προσφοράς, στο μέτρο που οι εντολές που θα έχουν υποβληθεί σε αυτό το έτερο σκέλος υπερβαίνουν την ανωτέρω αρχική κατανομή και υποστηρίζουν αυτήν την ανακατανομή. Οι Κατά Προτεραιότητα Επενδυτές θα δικαιούνται Προνομιακής Κατανομής, δηλαδή κατά προτεραιότητα κατανομή επί των Νέων Μετοχών που έχουν επιμεριστεί στη Δημόσια Προσφορά κατά την αναλογία του ποσοστού συμμετοχής του Κατά Προτεραιότητα Επενδυτή στο μετοχικό κεφάλαιο της Πειραιώς Holdings. Εντούτοις, Κατά Προτεραιότητα Επενδυτές που εγγράφονται τόσο στη Δημόσια Προσφορά όσο και στη Διεθνή Προσφορά, εφόσον συντρέξει τέτοια περίπτωση, δεν θα δικαιούνται Προνομιακής Κατανομής. Μετά την Προνομιακή Κατανομή, εγγραφές για Νέες Μετοχές από Κατά Προτεραιότητα Επενδυτές οι οποίες δεν έχουν ικανοποιηθεί, θα προστίθενται στις εγγραφές των νέων εγγραφόμενων επενδυτών και θα ικανοποιούνται συμμετρως, υπό την προϋπόθεση ότι θα εξακολουθούν να υφίστανται αδιάθετες Νέες Μετοχές. Εάν οι εγγραφές για Νέες Μετοχές από Ιδιώτες Επενδυτές ή Ειδικούς Επενδυτές υπερβαίνουν το συνολικό αριθμό Νέων Μετοχών που θα τους έχει κατανεμηθεί, οι εγγραφές αυτές θα ικανοποιηθούν αναλογικά (<i>pro rata</i>). Σε ενδεχόμενη μερική κάλυψη της Δημόσιας Προσφοράς, θα κατανεμηθεί στους Ιδιώτες Επενδυτές και στους Ειδικούς Επενδυτές το 100% των Νέων Μετοχών για τις οποίες θα έχουν εγγραφεί. Σύμφωνα με επιστολή του προς τον Εκδότη, το ΤΧΣ εξέφρασε την πλήρη στήριξή του στην Αύξηση Μετοχικού Κεφαλαίου και ενημέρωσε για την απόφασή του να εγγραφεί για την απόκτηση αριθμού τόσων Νέων Μετοχών στη Διεθνή Προσφορά ώστε, κατόπιν της ολοκλήρωσης της Αύξησης Μετοχικού Κεφαλαίου, το ΤΧΣ να κατέχει μεταξύ 27,0%, κατ' ελάχιστον, και 33,0% κατά το μέγιστο, του συνόλου των κοινών μετά ψήφου μετοχών του Εκδότη, συμπεριλαμβανομένων εκείνων που κατέχει με περιορισμένα δικαιώματα ψήφου. Για την κατανομή Νέων Μετοχών στο ΤΧΣ, κατά τα ανωτέρω, ο Εκδότης θα λάβει υπόψη του, σε συνεννόηση με τους Γενικούς Συντονιστές, μεταξύ άλλων κριτηρίων, το μέγεθος της συνολικής ζήτησης από ιδιώτες επενδυτές, την τιμή διάθεσης και άλλα ποιοτικά κριτήρια, νοούμενου ότι το ποσοστό επί του συνόλου των κοινών μετά ψήφου μετοχών του Εκδότη κυριότητας του ΤΧΣ (συμπεριλαμβανομένων εκείνων με περιορισμένα δικαιώματα ψήφου) θα ανέρχεται σε 27,0%, κατ' ελάχιστον. Οι Cornerstone Επενδυτές, δηλαδή η Paulson & Co. Inc. (ενεργούσα για λογαριασμό επενδυτικών κεφαλαίων υπό τη διαχείρισή της), η Helikon Investment Limited και ο κ. Αριστοτέλης Μυστακίδης συμφώνησαν να αποκτήσουν ως cornerstone επενδυτές, κατά τους όρους της Διεθνούς Προσφοράς και υπό την επιφύλαξη όρων και προϋποθέσεων που είναι συνήθεις σε περιπτώσεις παροχής ισχυρής δέσμευσης αυτής της φύσεως, και η Πειραιώς Holdings συμφώνησε να κατανεμίσει στους Cornerstone Επενδυτές, Νέες Μετοχές στην τιμή διάθεσης της Συνδυασμένης Προσφοράς. Τα συνολικά κεφάλαια που θα επενδύσει κάθε Cornerstone Επενδυτής έχουν ως εξής: Paulson & Co. Inc.: €265.000.000, Helikon Investment Limited: €75.000.000 και Αριστοτέλης Μυστακίδης: €40.000.000. Χωρίς να θίγονται οι αρχές κατανομής που παρατίθενται στο παρόν Ενημερωτικό Δελτίο, η Πειραιώς Holdings επιφυλάσσει του δικαιώματός της να απορρίψει εγγραφές για Νέες Μετοχές σε κάθε περίπτωση κατά την οποία η Πειραιώς Holdings φρονεί, κατά την απόλυτη διακριτική ευχέρειά της, ότι εγγραφές για Νέες Μετοχές ενδέχεται να έχουν χρηματοδοτηθεί (μέσω δανείων, πιστώσεων, εγγυήσεων ή άλλων χρηματοδοτικών τεχνικών), άμεσα ή έμμεσα, από ή με τη συνδρομή της Πειραιώς Holdings ή οποιωνδήποτε θυγατρικών της. Το ενδεικτικό αναμενόμενο χρονοδιάγραμμα για την Αύξηση Μετοχικού Κεφαλαίου και την εισαγωγή των Νέων Μετοχών προς διαπραγμάτευση στο Χ.Α. παρατίθεται ως ακολούθως:
Ημερομηνία	Γεγονός
20 Απριλίου 2021	Έγκριση του Ενημερωτικού Δελτίου από το Δ.Σ. της Επιτροπής Κεφαλαιαγοράς.
20 Απριλίου 2021	Δημοσίευση του εγκεκριμένου Ενημερωτικού Δελτίου στην ιστοσελίδα της Πειραιώς Holdings, της Επιτροπής Κεφαλαιαγοράς, του Χ.Α. και των Κυρίων Αναδόχων
20 Απριλίου 2021	Δημοσίευση ανακοίνωσης για τη διάθεση του Ενημερωτικού Δελτίου στο ΗΔΤ και στην ιστοσελίδα του Εκδότη.
20 Απριλίου 2021	Δημοσίευση της ανακοίνωσης για την πρόσκληση προς το επενδυτικό κοινό και την έναρξη της Δημόσιας Προσφοράς.
21 Απριλίου 2021	Έναρξη της Δημόσιας Προσφοράς.
23 Απριλίου 2021	Λήξη της Δημόσιας Προσφοράς.
23 Απριλίου 2021	Δημοσίευση της ανακοίνωσης σχετικά με την τελική τιμή διάθεσης των Νέων Μετοχών στο ΗΔΤ του Χ.Α. και στην ιστοσελίδα του Εκδότη.
29 Απριλίου 2021	Δημοσίευση της αναλυτικής ανακοίνωσης σχετικά με την έκβαση της Δημόσιας Προσφοράς στο ΗΔΤ του Χ.Α. και στην ιστοσελίδα του Εκδότη.
05 Μαΐου 2021	Έγκριση από την αρμόδια επιτροπή του Χ.Α. της εισαγωγής προς διαπραγμάτευση των Νέων Μετοχών.*

Ημερομηνία	Γεγονός
05 Μαΐου 2021	Ανακοίνωση για την ημερομηνία έναρξης διαπραγμάτευσης των Νέων Μετοχών στο Η.Δ.Τ του Χ.Α. και στην ιστοσελίδα του Εκδότη.
07 Μαΐου 2021	Έναρξη διαπραγμάτευσης των Νέων Μετοχών.

Οι επενδυτές πρέπει να λάβουν υπόψη ότι το παραπάνω χρονοδιάγραμμα είναι ενδεικτικό και εξαρτάται από πολλούς αστάθμητους παράγοντες ενώ ενδέχεται να μεταβληθεί, στην οποία περίπτωση η Πειραιώς Holdings θα ενημερώσει δεόντως και εγκαίρως τον επενδυτή με δημόσια ανακοίνωση.
* Τελεί υπό την αίρεση της συνεδρίασης της αρμόδιας επιτροπής του Χ.Α. την ανωτέρω ημερομηνία.

Στον πίνακα που ακολουθεί παρουσιάζεται η μετοχική σύνθεση της Πειραιώς Holdings κατά την έναρξη διαπραγμάτευσης των Κοινών Μετοχών της μετά τη Συνένωση Μετοχών και πριν την Αύξηση Μετοχικού Κεφαλαίου:

Μέτοχοι	Αριθμός Μετοχών	Ποσοστό % Αριθμού Μετοχών
ΤΧΣ.....	30.895.478	61,34%
Paulson & Co. Inc ⁽¹⁾	2.324.137	4,61%
Αριστοτέλης Μυστακίδης ⁽²⁾	1.528.524	3,04%
Λοιποί Μέτοχοι < 5%.....	15.619.084	31,01%
Σύνολο.....	50.367.223	100,00%

Πηγή: μετοχολόγιο μετά τη Συνένωση Μετοχών κατά την έναρξη διαπραγμάτευσης την 19^η Απριλίου 2021 (15 Απριλίου 2021 ως ημερομηνία καταγραφής).

(1) Βάσει σχετικής γνωστοποίησης που ελήφθη την 20^η Ιανουαρίου 2021 σύμφωνα με το Νόμο 3556/2007 μετά την μετατροπή των Υπό Αίρεση Μετατρέψιμων Ομολογιών.
(2) Βάσει σχετικής γνωστοποίησης που ελήφθη την 19^η Ιανουαρίου 2021 σύμφωνα με το Νόμο 3556/2007 μετά την μετατροπή των Υπό Αίρεση Μετατρέψιμων Ομολογιών.

Στον πίνακα που ακολουθεί παρουσιάζεται η μετοχική σύνθεση της Πειραιώς Holdings μετά την Αύξηση Μετοχικού Κεφαλαίου, λαμβάνοντας υπόψη τις δηλώσεις του ΤΧΣ και των Cornerstone Επενδυτών και υπολογίζοντας για τους Cornerstone Επενδυτές ότι η τιμή διάθεσης των Νέων Μετοχών θα είναι η ανώτατη του Εύρους Τιμής:

Μέτοχοι	Αριθμός Μετοχών	Ποσοστό % Αριθμού Μετοχών
ΤΧΣ ⁽¹⁾	337.599.151	27,00%
Μέτοχοι πριν την Αύξηση Μετοχικού Κεφαλαίου (εξαιρουμένων των Cornerstone Επενδυτών).....	15.619.084	1,25%
Paulson & Co. Inc	232.758.919	18,62%
Helikon Investment Limited	65.217.391	5,22%
Αριστοτέλης Μυστακίδης	36.311.132	2,90%
Λοιποί μέτοχοι μετά την Αύξηση Μετοχικού Κεφαλαίου ⁽²⁾	562.861.546	45,02%
Σύνολο.....	1.250.367.223	100,00%

(1) Λαμβάνοντας υπόψη 25,6% συμμετοχή του ΤΧΣ στη Συνδυασμένη Προσφορά.
(2) Αναφέρεται σε επενδυτές που θα συμμετάσχουν στην Συνδυασμένη Προσφορά (περιλαμβάνοντας τους Κατά Προτεραιότητα Επενδυτές και εξαιρουμένων των Cornerstone Επενδυτών).

Πηγή: μετοχολόγιο κατά την έναρξη διαπραγμάτευσης την 19^η Απριλίου 2021 (15 Απριλίου 2021 ως ημερομηνία καταγραφής).

Μέτοχοι	Αριθμός Μετοχών	Ποσοστό % Αριθμού Μετοχών
ΤΧΣ ⁽¹⁾	412.621.183	33,00%
Μέτοχοι πριν την Αύξηση Μετοχικού Κεφαλαίου (εξαιρουμένων των Cornerstone Επενδυτών).....	15.619.084	1,25%
Paulson & Co. Inc	232.758.919	18,62%
Helikon Investment Limited	65.217.391	5,22%
Αριστοτέλης Μυστακίδης	36.311.132	2,90%
Λοιποί μέτοχοι μετά την Αύξηση Μετοχικού Κεφαλαίου ⁽²⁾	487.839.514	39,02%
Σύνολο.....	1.250.367.223	100,00%

(1) Λαμβάνοντας υπόψη 31,80% συμμετοχή του ΤΧΣ στη Συνδυασμένη Προσφορά.
(2) Αναφέρεται σε επενδυτές που θα συμμετάσχουν στην Συνδυασμένη Προσφορά (περιλαμβάνοντας τους Κατά Προτεραιότητα Επενδυτές και εξαιρουμένων των Cornerstone Επενδυτών).

Πηγή: μετοχολόγιο κατά την έναρξη διαπραγμάτευσης την 19^η Απριλίου 2021 (15 Απριλίου 2021 ως ημερομηνία καταγραφής).

Σημειώνεται ότι μία Κοινή Μετοχή αντιστοιχεί σε ένα δικαίωμα ψήφου. Σημειώνεται ότι τα παραπάνω σενάρια είναι υποθετικά και βασίζονται σε παραδοχές που ενδεχομένως να μην επαληθευτούν. Δεν χρεώνονται έξοδα για τη συμμετοχή των επενδυτών στη Δημόσια Προσφορά από την Πειραιώς Holdings.

Γιατί καταρτίζεται το παρόν Ενημερωτικό Δελτίο;
Το παρόν Ενημερωτικό Δελτίο καταρτίζεται για (α) τη Δημόσια Προσφορά των Νέων Μετοχών στην Ελλάδα, και (β) τη διαπραγμάτευση των Νέων Μετοχών στην Κύρια Αγορά της Ρυθμιζόμενης Αγοράς Αξιογράφων του Χ.Α.
Λόγοι της Αύξησης Μετοχικού Κεφαλαίου και χρήσης των εσόδων
Η Αύξηση Μετοχικού Κεφαλαίου μέσω της Συνδυασμένης Προσφοράς αποτελεί ένα βασικό συστατικό του Σχεδίου Κεφαλαιακής Ενίσχυσης, το οποίο με την σειρά του αποσκοπεί στην διευκόλυνση της έγκαιρης υλοποίησης του Σχεδίου Μείωσης των ΜΕΑ, επιτρέποντας την απορρόφηση των ζημιών που αναμένεται να προκύψουν από τη μείωση των ΜΕΑ και διασφαλίζοντας επαρκή κεφαλαιακή θέση για την ενδυνάμωση των βασικών δεικτών κεφαλαιακής επάρκειας.
Τα καθαρά έσοδα που θα αντληθούν από την Πειραιώς Holdings από την Αύξηση Μετοχικού Κεφαλαίου θα διατεθούν στην Τράπεζα μέσω αύξησης του μετοχικού κεφαλαίου της, η οποία θα καλυφθεί πλήρως από την Πειραιώς Holdings. Ο σκοπός της αύξησης του μετοχικού κεφαλαίου της Τράπεζας είναι να διευκολύνει την έγκαιρη υλοποίηση του Σχεδίου Μείωσης των ΜΕΑ, επιτρέποντας στη Τράπεζα να απορροφήσει τις ζημιές που αναμένεται να προκύψουν από τη μείωση των ΜΕΑ και διασφαλίζοντας επαρκή κεφαλαιακή θέση για την ενδυνάμωση των βασικών δεικτών της κεφαλαιακής επάρκειάς της. Η εν λόγω αύξηση του μετοχικού κεφαλαίου αναμένεται να ολοκληρωθεί έως τον Ιούνιο του 2021.

Στις 31 Δεκεμβρίου 2020, και αφότου συνυπολογίστηκε άτυπα (*pro forma*) το αποτέλεσμα της επιτυχούς ολοκλήρωσης της Αύξησης Μετοχικού Κεφαλαίου μέσω της Συνδυασμένης Προσφοράς, λαμβάνοντας υπόψη το ανώτατο όριο του Εύρους Τιμών, ο δείκτης κεφαλαίου Κοινών Μετοχών της Κατηγορίας 1 χωρίς μεταβατικά μέτρα θα ανερχόταν σε περίπου 16,9% και ο δείκτης της συνολικής κεφαλαιακής επάρκειας χωρίς μεταβατικά μέτρα θα ανερχόταν σε περίπου 19%, σε σύγκριση με τους δείκτες 13,75% και 15,82%, αντίστοιχως, κατά την ίδια ημερομηνία.

Η Δημόσια Προσφορά δεν είναι αντικείμενο συμφωνίας αναδοχής με δέσμευση ανάληψης.

Εφόσον η Συνδυασμένη Προσφορά είναι επιτυχής και όλες οι Νέες Μετοχές αναληφθούν και εκδοθούν, το ποσό των ακαθάριστων εσόδων της Συνδυασμένης Προσφοράς αναμένεται να ανέλθει σε €1.380 εκατομμύρια, υπό την παραδοχή ότι η τελική τιμή διάθεσης των Νέων Μετοχών θα είναι η μέγιστη τιμή του Εύρους Τιμών. Έξοδα που συνδέονται άμεσα με τη Συνδυασμένη Προσφορά υπολογίζονται περίπου σε €83 εκατομμύρια, συνεπώς, τα καθαρά έσοδα εκ της Συνδυασμένης Προσφοράς αναμένεται να ανέλθουν περίπου σε €1.297 εκατομμύρια, υπό την παραπάνω παραδοχή.

Το Σχέδιο Μείωσης των ΜΕΑ (*NPE Reduction Plan*), το Σχέδιο Κεφαλαιακής Ενίσχυσης (*Capital Enhancement Plan*) και το Πρόγραμμα Μετασχηματισμού (*Transformation Plan*).

Τον Μάρτιο του 2021, παρουσιάστηκε το Σχέδιο Sunrise (*Sunrise Plan*) για την Τράπεζα Πειραιώς, το οποίο αποσκοπεί να διευκολύνει την επιστροφή του Ομίλου στον δρόμο της βιώσιμης και αυξανόμενης κερδοφορίας. Σύμφωνα με το Σχέδιο Sunrise, ο Όμιλος έχει υιοθετήσει τις ακόλουθες τρεις στρατηγικές πρωτοβουλίες:

- *Το Σχέδιο Μείωσης ΜΕΑ.* Το Σχέδιο Μείωσης ΜΕΑ περιλαμβάνει μια σειρά από τιτλοποιήσεις ΜΕΑ (υπό το Ελληνικό Σχέδιο Προστασίας Περιουσιακών Στοιχείων) και πωλήσεις χαρτοφυλακίων ΜΕΑ που έχουν σχεδιαστεί για την μείωση της έκθεσης του Ομίλου σε ΜΕΑ κατά €19 δισεκατομμύρια και επιτρέπει στην Τράπεζα να επιτύχει ένα μονοψήφιο δείκτη ΜΕΑ μέσα στους επόμενους 12 μήνες ενώ περαιτέρω σκοπείται ένας δείκτης ΜΕΑ μικρότερος του 3% στο μεσοπρόθεμο διάστημα. Με την επιτυχή ολοκλήρωση του Σχεδίου Μείωσης ΜΕΑ από κοινού με το Σχέδιο Κεφαλαιακής Ενίσχυσης (όπως περιγράφεται παρακάτω), αναμένουμε να μειώσουμε σημαντικά την έκθεσή μας σε ΜΕΑ διατηρώντας παράλληλα μια ικανοποιητική κεφαλαιακή θέση πάνω από τις προβλεπόμενες κεφαλαιακές απαιτήσεις. Πιστεύουμε ότι οι ενέργειες αυτές θα ενισχύσουν την αξιοπιστία της Τράπεζας Πειραιώς ως κορυφαίας τράπεζας μεταξύ των πελατών και θα μας επιτρέψουν να επικεντρωθούμε στην εφαρμογή της μακροπρόθεσμης στρατηγικής μας σύμφωνα με το Πρόγραμμα Μετασχηματισμού (όπως περιγράφεται παρακάτω).
- *Το Σχέδιο Κεφαλαιακής Ενίσχυσης.* Το Σχέδιο Κεφαλαιακής Ενίσχυσης περιλαμβάνει την ολοκλήρωση μιας σειράς συντονισμένων και ολοκληρωμένων ενεργειών για την κεφαλαιακή ενίσχυση το 2021, στις οποίες συμπεριλαμβάνεται η Αύξηση Μετοχικού Κεφαλαίου μέσω της Συνδυασμένης Προσφοράς, και οι οποίες αποσκοπούν στην ενδυνάμωση της κεφαλαιακής θέσης και την βελτίωση των δεικτών της κεφαλαιακής επάρκειας. Η βασική επιδίωξη του Σχεδίου Κεφαλαιακής Ενίσχυσης είναι η διευκόλυνση της εκτέλεσης του Σχεδίου Μείωσης ΜΕΑ και η βελτίωση της κεφαλαιακής μας θέσης με μέτρα συνολικού ύψους που αρχικά κυμαίνονταν κατά προσέγγιση στα €2,6 δισεκατομμύρια το 2021, εκ των οποίων κατά προσέγγιση €1 δισεκατομμύριο αρχικά σκοπεύτο να προέλθει μέσω της Αύξησης Μετοχικού Κεφαλαίου. Κατόπιν της αποφάσεως του Διοικητικού μας Συμβουλίου την 16^η Απριλίου 2021, τα αντληθέντα κεφάλαια μέσω της Συνδυασμένης Προσφοράς αναμένεται τώρα να κυμανθούν μεταξύ €1,2 δισεκατομμυρίου και €1,38 δισεκατομμυρίου, ενώ το συνολικό ποσό των ενεργειών για την κεφαλαιακή μας ενίσχυση αναμένεται τώρα να κυμανθεί μεταξύ €2,8 δισεκατομμυρίων και €3 δισεκατομμυρίων κατά προσέγγιση. Πιστεύουμε ότι η επιτυχή ολοκλήρωση της Αύξησης Μετοχικού Κεφαλαίου από κοινού με την έγκαιρη υλοποίηση των άλλων συστατικών του Σχεδίου Κεφαλαιακής Ενίσχυσης θα μας επιτρέψει να εκτελέσουμε εγκαίρως το Σχέδιο Μείωσης ΜΕΑ συμβάλλοντας στην ευχερέστερη απορρόφηση των ζημιών που αναμένονται να προκύψουν από την πώληση των ΜΕΑ που προβλέπει το Σχέδιο Μείωσης ΜΕΑ.
- *Το Πρόγραμμα Μετασχηματισμού.* Το Πρόγραμμα Μετασχηματισμού αντιπροσωπεύει την μακροπρόθεσμη στρατηγική μας να επιτύχουμε βελτιστοποίηση των λειτουργιών μας μέσω της επικέντρωσής μας στις βασικές εμπορικές τραπεζικές δραστηριότητες, της εφαρμογής της στρατηγικής ανάπτυξης της επιχειρηματικής και ιδιωτικής τραπεζικής, της αύξησης της αποτελεσματικότητάς μας και της μείωσης των λειτουργικών μας εξόδων σε ολόκληρο τον οργανισμό, βελτιώνοντας και επεκτείνοντας την ψηφιακή μας πλατφόρμα και εφαρμόζοντας κατανοητές και βιώσιμες τραπεζικές, περιβαλλοντικές και κοινωνικές πολιτικές καθώς και πολιτικές διακυβέρνησης (ESG). Μέσω της εκτέλεσης του Προγράμματος Μετασχηματισμού, στοχεύουμε στην αύξηση των επαναλαμβανόμενων προ-προβλέψεων εσόδων μας (“*recurring pre-provision income*”) κατά €150 εκατομμύρια, μέχρι την επίτευξη ενός στόχου έως €1.1 δισεκατομμύρια μεσοπρόθεσμα.

Η Πειραιώς Holdings, λαμβάνοντας υπόψιν ως κριτήριο την παροχή οποιασδήποτε αμοιβής στην Τράπεζα Πειραιώς Α.Ε. καθώς και τα εξής κριτήρια με βάση τις κατευθυντήριες γραμμές της ESMA, ήτοι εάν η Τράπεζα Πειραιώς Α.Ε. (i) κατέχει μετοχικούς τίτλους της Πειραιώς Holdings ή θυγατρικών της, (ii) εάν έχει άμεσο ή έμμεσο οικονομικό συμφέρον το οποίο βασίζεται στην επιτυχία της Δημόσιας Προσφοράς, ή (iii) εάν έχει κάποια συμφωνία με βασικούς μετόχους της Πειραιώς Holdings, σε συνδυασμό με το γεγονός ότι Πειραιώς Holdings κατέχει, άμεσα ή έμμεσα, το σύνολο των μετοχών της Τράπεζας Πειραιώς και των θυγατρικών της και ως εκ τούτου είναι έμμεσα μέτοχος όλων των εταιρειών του ομίλου της Τράπεζας Πειραιώς, δηλώνει ότι, η Τράπεζα Πειραιώς Α.Ε. δεν έχει συμφέροντα ή συγκρουόμενα συμφέροντα που να επηρεάζουν σημαντικά τη Δημόσια Προσφορά πλην του συμφέροντος που απορρέει από την προαναφερθείσα σχέση μητρικής προς θυγατρική που τη συνδέει με την Τράπεζα Πειραιώς, του συμφέροντος και το δύο από την επιτυχή ολοκλήρωση της Αύξησης Μετοχικού Κεφαλαίου και των συμφερόντων που δηλώνει η Τράπεζα Πειραιώς Α.Ε. ως Κύριος Ανάδοχος.

Οι Κύριοι Ανάδοχοι, δηλώνουν λαμβάνοντας υπόψιν ως κριτήριο την παροχή οποιασδήποτε αμοιβής από τη Πειραιώς Holdings για παροχή υπηρεσιών καθώς και τα εξής κριτήρια με βάση τις κατευθυντήριες γραμμές της ESMA, ήτοι (i) εάν κατέχουν μετοχικούς τίτλους της Πειραιώς Holdings ή θυγατρικών της, (ii) εάν έχουν άμεσο ή έμμεσο οικονομικό συμφέρον το οποίο βασίζεται στην επιτυχία της Δημόσιας Προσφοράς, ή (iii) εάν έχουν κάποια συμφωνία με βασικούς μετόχους της Πειραιώς Holdings, δηλώνουν τα ακόλουθα: (Α) η Τράπεζα Πειραιώς ως Κύριος Ανάδοχος, σε συνδυασμό με το γεγονός ότι το σύνολο των μετοχών της κατέχεται, άμεσα ή έμμεσα, από τη Πειραιώς Holdings, δηλώνει ότι δεν έχει συμφέροντα ή συγκρουόμενα συμφέροντα που να επηρεάζουν σημαντικά τη Δημόσια Προσφορά πλην του έμμεσου συμφέροντος που απορρέει από την προαναφερθείσα σχέση θυγατρικής προς μητρική που τη συνδέει με τη Πειραιώς Holdings και του άμεσου συμφέροντος από την επιτυχή ολοκλήρωση της Αύξησης Μετοχικού Κεφαλαίου, (Β) η Euroxx Χρηματοπιστηριακή ΑΕΠΕΥ δηλώνει ότι δεν έχει αντικρουόμενα συμφέροντα ή συμφέροντα που να επηρεάζουν σημαντικά τη Δημόσια Προσφορά.

This Prospectus includes forward-looking statements. Such items in this Prospectus include, but are not limited to, statements made under “Risk Factors”, “Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses” and “Group’s Business Overview”. Such statements can be generally identified by the use of terms such as “believes”, “expects”, “may”, “will”, “should”, “would”, “could”, “plans”, “anticipates” and comparable terms and the negatives of such terms. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this Prospectus could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about Piraeus Holdings, the Bank or the Group, including, (but not limited to), those set out under “Risk Factors”.

In this Prospectus, we present certain forward-looking operating and financial performance targets derived from our business plans, including, in particular, our Sunrise Plan for Piraeus Bank, approved by our Board of Directors on 16 March 2021, and the more specific management targets for operating and financial performance approved by our Board of Directors on 24 March 2021. Certain of our financial performance targets are deemed to be profit forecasts under the Prospectus Regulation.

These profit forecasts represent our strategic objectives and targets for short-term and medium-term financial performance. These forecasts are based on a range of expectations and assumptions regarding, among other things, our present and future business strategies (including, in particular, our strategies relating to the implementation of our NPE Reduction Plan, our Capital Enhancement Plan and our Transformation Plan), cost efficiencies, and the market environment in which we operate, some or all of which may prove to be inaccurate. Our ability to achieve these targets is subject to inherent risks, many of which are beyond our control and some of which could have an immediate impact on our earnings and/or financial position, which could materially affect our ability to realize the targets described below. Furthermore, we operate in a very competitive and rapidly changing environment, which is subject to regulatory, political and other risks. We may face new risks from time to time, and it is not possible for us to predict all such risks which may affect our ability to achieve the targets described herein. Given these risks and uncertainties, we may not achieve our targets at all or within the timeframe described herein. For additional information on the preparation and presentation of our financial performance targets and other forward-looking statements that are deemed to be profit forecasts under the Prospectus Regulation, see “Profit Forecasts”.

Except as otherwise required by applicable law or regulation, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not occur. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Investors are cautioned not to place undue reliance on such forward-looking statements, which are based on facts known to us only as at the Date of this Prospectus. According to our management, we have not made any profit forecasts for the current financial year. We, however, regularly inform the investment community of its financial performance or any other material event through regular or ad hoc press releases.

1. RISK FACTORS

Investing in our New Shares involves a degree of risk. You should carefully consider the risk factors set out below and all other information contained in this Prospectus, including our financial statements and the related notes, before making an investment decision regarding our New Shares. The risks described below are those significant risk factors, currently known and specific to us or the banking industry, that we believe are relevant to an investment in our New Shares and are presented, by category, based on the probability of their occurrence and the estimated negative impact that their occurrence may cause. If any of these risks materialises, our financial condition or results of operations could suffer, the price of our Ordinary Shares could decline, and you could lose part or all of your investment. Moreover, the risks and uncertainties described below may not be the only ones to which we may be subject. Additional risks, not currently known to us, or that we now deem immaterial, may also harm us and adversely affect your investment in our Ordinary Shares.

The validity of this Prospectus is one (1) year from the date of its approval.

A. RISK FACTORS SPECIFIC TO THE ISSUER

1.1 Risks relating to our business

We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan.

Our Capital Enhancement Plan is intended to strengthen our capital position through a series of capital enhancing actions ranging between €2.8 billion to €3 billion in 2021, which we believe will enable the execution of our NPE Reduction Plan and facilitate the implementation of our long-term strategy pursuant to our Transformation Plan.

The Combined Offering represents a key component of our Capital Enhancement Plan and is expected to provide additional capital ranging between €1.2 billion to €1.38 billion if the Share Capital Increase is successfully completed. However, it is uncertain whether it will be possible to successfully or timely execute the remaining components of our NPE Reduction Plan, Capital Enhancement Plan and Transformation Plan. Additionally, our ability to timely execute the remaining components of our NPE Reduction Plan, Capital Enhancement Plan and Transformation Plan may be affected if the Share Capital Increase is downsized and we are unable to raise at least €1 billion through the Combined Offering. Our ability to execute the remaining steps in our Capital Enhancement Plan and our NPE Reduction Plan is subject to inherent risks and uncertainties, including market-related and commercial risks that are beyond our control. Any failure to generate additional capital could delay the execution of our NPE Reduction Plan, negatively impact the implementation of our Transformation Plan and otherwise negatively affect our business and results of operations.

As part of our Capital Enhancement Plan, we intend to issue Additional Tier 1 capital instruments of approximately €600 million to improve our total capital adequacy ratio and enhance the relative structure of our capital position. Investors' interest in our Additional Tier 1 capital instrument may depend on our ability to make payments in respect of such instruments, which may be restricted or be subject to prior regulatory approval. For example, (i) under Article 131 of Law 4261/2014 (the "Banking Law") (reflecting Article 141 of CRD, we may be prohibited from making payments on Additional Tier 1 capital instruments if we do not meet our combined buffer requirement or, if we do meet that requirement, to the extent that such distribution would decrease our CET 1 capital to a level where our combined buffer requirement is no longer met; (ii) under Article 141b of CRD assuming *verbatim* transposition of the latter in Greek law), we may be prohibited from making payments on Additional Tier 1 capital instruments if we do not meet our leverage ratio buffer requirement or, if we do meet such requirement, to the extent that that such distribution would decrease our Tier 1 capital to a level at where our leverage ratio buffer requirement is no longer met; and (iii) under Article 1, paragraph 6 of BRRD II (as may be transposed in Greece), we may be prohibited from making payments on Additional Tier 1 capital instruments in cases where, even though we meet our combined buffer requirements when considered in addition to the requirements of Article 141a of CRD (as introduced pursuant to the CRD V and as may be transposed in Greece), we nevertheless fail to meet the combined buffer requirement when considered in addition to the MREL requirements, as calculated in accordance with Article 1, paragraph 17 of BRRD II (as it may be transposed in Greece). Moreover, under the 2020 SREP Decision, the Bank is required to obtain the approval of the ECB prior to making any distribution in respect of Additional Tier 1 capital instruments to the extent that non-payment does not constitute an event of default. These and other risks could limit our ability to raise sufficient Tier 1 capital to satisfy our capital adequacy targets. Demand for our Additional Tier 1 capital instruments is also subject to prevailing market conditions and other risks and uncertainties.

Additionally, as part of our Capital Enhancement Plan, we intend to proceed with the sale of our merchant acquiring business to EFT Services Holding B.V., a subsidiary of Euronet Worldwide, a leading international payment services provider. Although we entered into a binding agreement for this sale on 16 March 2021, the completion of this transaction remains subject to customary closing conditions, including the receipt of necessary approvals from the relevant supervisory and regulatory authorities.

Furthermore, we have also entered into a synthetic securitisation of performing small-medium sized enterprise ("SME") and corporate loan portfolios through the purchase of synthetic credit protection from private market participants, aiming to achieve total risk-weighted assets relief of approximately €2 billion, which is expected to be completed in two transactions. We signed an agreement for the first transaction on 11 March 2021, which we expect to complete in the second quarter of 2021, and lead to a risk-weighted assets relief of approximately €800 million. The second transaction is intended to be completed by the end of 2021 and is

expected to lead to risk-weighted assets relief of approximately €1.2 billion. Both transactions are subject to customary conditions, the most important of which is the significant risk transfer approval to be granted by the Single Supervisory Mechanism (the “SSM”), which are expected to be completed within 2021.

If we are unable to implement our strategies and capital enhancing actions, our ability to execute our NPE Reduction Plan and our Transformation Plan will be severely restricted, an outcome which will adversely impact our business operations and financial condition. Our ability to fully execute our NPE Reduction Plan is premised on the generation of sufficient regulatory capital through the implementation of our Capital Enhancement Plan, since we need to offset the losses resulting from our NPE Reduction Plan with the capital generated through the execution of our Capital Enhancement Plan, of which the Offering constitutes an integral part. Thus, any delays or shortfall relating to the execution of our Capital Enhancement Plan may lead to a recalibration of the scope of our NPE Reduction Plan or delays in its execution as envisaged. See also “—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations”.

NPEs and past due loans have had and may continue to have a material and adverse effect to our financial position, capital adequacy and operating results.

NPEs represent one of the most significant challenges for the Greek banking system. Based on September 2020 data, NPEs of the Greek banks have decreased by 14.3% compared to 31 December 2019 and by 45.2% compared to March 2016, when NPEs reached their peak, dropping to €58.7 billion (standalone figure) representing 35.8% of their total exposures. Due to the COVID-19 pandemic, in September 2020, Greek banks submitted to the Bank of Greece updated interim NPE plans to reduce their NPEs and were due to submit revised NPE plans for the period up to 2023 in March 2021.

In order to facilitate the management of our NPE portfolio, we entered into a long-term strategic partnership with Intrum AB (publ) (“Intrum”) (the “Intrum Transaction”) for the management by Intrum Hellas Credit Servicing S.A. (“Intrum Hellas”) of our NPEs and real estate owned assets portfolio (the “REOs”) pursuant to which we have established a market-leading independent non-performing assets servicing platform in Greece on 3 June 2019. Despite such accelerated efforts, NPEs remain high across most asset classes. As at 31 December 2020, our NPEs amounted to €22,448 million and our NPE ratio was 45.3%, further to a decrease of €2,026 million in 2020, compared to €24,474 million of NPEs corresponding to 48.8% NPE ratio as at 31 December 2019. For a more detailed discussion of our plans to decrease NPEs, see “Group’s Business Overview—Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan” and “Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Financial Condition—Non-performing exposures”.

While our engagement of an independent servicer aims to enhance our NPE recovery prospects, such strategy entails certain business and operational risks. Our ability to realise the expected synergies and other benefits and achieve an improvement on the NPE recovery process may be affected by a number of factors, including implementing the appropriate financial incentives, proper co-ordination of the management and/or disposal of NPEs, rigorous application of credit standards, avoidance of capital-diluting write-offs and other actions, as well as the ability to share information and render information technology (the “IT”) systems compatible with the operations of the independent servicer, all of which may materially and adversely affect our financial condition, capital adequacy and operating results.

In light of this and pursuant to the 2020 SREP Decision, ECB recommended that, with respect to the exposures classified as NPEs on 31 March 2018, Piraeus Bank Société Anonyme achieve (i) for secured NPEs older than seven years, a 40% coverage by year-end 2020, with a linear adjustment path to full coverage by year-end 2026, and (ii) for unsecured NPEs older than 2 years, a 50% coverage is achieved by year-end 2020, with a linear adjustment path to full coverage by year-end 2025. Pursuant to the same decision, Piraeus Bank Société Anonyme has submitted an update of its three-year strategic and operational plan to the ECB on 31 March 2021, to address its NPE levels and foreclosed assets in the period from 31 December 2020 to 31 December 2023, as well as a qualitative strategy documentation outlining the core aspects of such plan, which includes a clear quantitative target to reduce its NPEs and foreclosed assets, both gross and net of provisions. The updated three-year strategic and operational plan incorporates the NPE disposal projects which we have announced as part of our NPE Reduction Plan (see “Group’s Business Overview—Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan”). Finally, an implementation report regarding the progress of the aforementioned plan should be submitted to the ECB by 31 August 2021 (based on data as at 30 June 2021).

Following the economic aftermath of the COVID-19 pandemic, a weaker than expected improvement in the macroeconomic performance, or weaker recovery of domestic demand may lead to lower growth, perpetuate debt problems and lead to additional NPE generation. Furthermore, any potential change in the regulatory stance could result in an increase of future provisions, the need for additional capital, the classification of loans and exposures as “non-performing” and a significant decrease in our revenue, which could materially and adversely affect our financial position, capital adequacy and operating results. The declining net interest income that may result from the disposal of NPEs under our NPE Reduction Plan and/or lower than expected recoveries from our NPE portfolio managed by Intrum Hellas could negatively impact our profitability, while also severely restricting our ability to lend and render additional capital enhancing actions necessary.

We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations.

As at 31 December 2020, our NPEs amounted to €22,448 million and our NPE ratio was 45.3%. The level and amount of NPEs adversely affects our net income through foreclosure costs, operating expenses and taxes.

In connection with our NPE Reduction Plan (as described under “Group’s Business Overview—Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan”), we intend to accelerate our efforts to reduce our NPE levels through inorganic disposals including securitisations, utilising the flexibility provided to us by the currently applicable and the anticipated HAPS schemes, as well as additional direct sales of NPEs. We are targeting a single-digit NPE ratio after the completion of our NPE Reduction Plan in the next twelve months and less than 3% NPE ratio in the medium term. For the computation of the NPE ratios, the denominator (i) includes the retained senior tranches associated with the HAPS schemes that Piraeus Bank intends to execute; and (ii) is subject to the evolution of net credit expansion for the period under consideration.

In line with our NPE Reduction Plan, we have announced two inorganic NPE reduction transactions (see “Group’s Business Overview—Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan”), namely project “Phoenix” and project “Vega”, with a gross book value of approximately €1.9 billion and a gross book value of €4.8 billion, respectively. On 23 December 2020, we signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of project Phoenix, and on 2 March 2021 we signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of project Vega. After giving effect to the completion of the projects Phoenix and Vega, our *pro forma* NPE ratio would be reduced to approximately 36% from 45%, while the NPE coverage ratio would be improved to 47% from 44% as at 31 December 2020. The expected negative capital impact of the projects Phoenix and Vega would have been 2.5 percentage points over our total capital ratio as at 31 December 2020. Both transactions are subject to customary conditions, the most important of which are the significant risk transfer approval to be granted by the SSM, the granting of the Greek state guarantee under the currently applicable HAPS scheme and the approval of the sale of the mezzanine notes by the HFSF, all of which are expected to be completed in the third quarter of 2021. The additional NPE reduction projects as per our NPE Reduction Plan are envisaged to be completed within the next 12 months from the date of this Prospectus, by way of two additional securitisations utilising an extension of the HAPS scheme, as well as outright NPE sales.

Notwithstanding the progress achieved towards the completion of our NPE Reduction Plan to date, the execution of each of the individual NPE reduction projects in our plan will be complex and entail certain operational and execution risks, such as the worsening of market conditions, the deterioration in the financial condition of our borrowers, the satisfaction of applicable conditions for the transfer of the mezzanine notes included in the relevant transaction documents, receipt of necessary approvals from third parties, the most important of which are the approval of significant risk transfer by the SSM so that the relevant securitisation transaction is compliant with the applicable regulatory framework and the approval of the granting of the Greek state guarantee under the HAPS scheme, and other constraints stemming from events beyond our control, including changes in the regulatory landscape such as the expiration of the current HAPS scheme, currently expected in April 2021, without its extension or the introduction of a “HAPS 2” scheme or the introduction of a substantially similar HAPS 2 scheme, any of which could cause significant interruptions or delays in the implementation of our plans or require us to complete these transactions on less favourable terms (see “Trend Information—Asset quality and NPEs”).

There are a number of critical steps on the NPE securitisation process, the failure of which may risk the execution of the NPE Reduction Plan. The pre-rating by the rating agencies is a prerequisite for the application for the HAPS scheme, as currently applicable and on the assumption that HAPS 2 scheme will substantially

include the same terms, while it also may impact the total valuation and attractiveness of the securitisation. Inability to be assigned the required rating by rating agencies may not allow the inclusion in the HAPS scheme, as currently applicable and on the assumption that HAPS 2 scheme will substantially include the same terms, or lower than anticipated size of senior tranches, may significantly affect the pricing of the transaction. For more details on the legislation governing non-performing loans securitisations under the HAPS scheme, please see “*Elements of Regulatory Framework—Securitisations—the Hellenic Asset Protection Scheme (HAPS)*”. If we are not able to benefit from the HAPS scheme, or if we are required to accelerate the reduction of our NPE portfolio to comply with regulatory expectations or recommendations, we may be effectively compelled to increase the number of outright NPE portfolio and individual NPE sales, and this may lead to greater capital losses as a result of the difference between the value at which non-performing loans are recorded on our balance sheet and the consideration that market operators specialised in NPE acquisitions are prepared to offer, or to greater write-down of loans or a requirement to create additional provisions. In connection with our NPE Reduction Plan, we intend to sell NPE portfolios with an aggregate gross book value of more than €1.4 billion. Our ability to complete these portfolio sales may be negatively impacted by deteriorating market conditions, which could decrease demand for outright NPE portfolio sales or negatively affect the pricing terms in such transactions.

Finally, although we plan to replenish any lost interest income caused by the de-risking of our balance sheet (with a target of €150 million in 2021 and a target of €425 million in the medium term), through significant loan expansion and increased fixed income holdings as well as further optimisation of our funding sources, we may not be able to timely fully utilise these net interest income drivers due to delays in the recovery of the Greek economy and in particular loan demand or other adverse global macroeconomic developments, market disruptions and unexpected increases in funding costs. For additional information on the preparation and presentation of our financial performance targets and other forward-looking statements that are deemed to be profit forecasts under the Prospectus Regulation, see “*Profit Forecasts*”.

Our failure to execute our NPE Reduction Plan on a timely basis, or in its entirety, or on the terms that we currently expect and on the basis of which we have made our estimates, could adversely affect our financial condition, capital adequacy and operating results. We may not be able to dispose of the amount of NPEs as envisaged in our NPE Reduction Plan, a development that would adversely impact our net interest and net fee income generation. We would consequently deviate from our initial planning and provisioning strategy as we would still need to comply with our capital adequacy requirements. These developments may lead to lower internal capital generation, thus not enabling us to achieve the levels of capital adequacy aspired. See also “—*We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*” and “—*NPEs and past due loans have had and may continue to have a material and adverse effect to our financial position, capital adequacy and operating results*”.

If we fail to execute our NPE Reduction Plan as envisaged, we may be required to raise additional capital which could lead to the holders of Ordinary Shares, including holders of New Shares, being diluted. Furthermore, in case we are unable to raise such additional capital by accessing the capital markets or from other private sources, we may request public financial support, which includes, *inter alia*, the implementation of the general bail-in measure or the non-viability loss absorption measure or, in case of extraordinary public financial support of Article 32, paragraph 3(d)(cc) of the Greek BRRD Law, the mandatory burden sharing measures of the HFSF Law (to the extent applicable), each of which could result to the holders of Ordinary Shares losing all or part of their investment. Furthermore, the exercise of any such powers may have a material adverse effect on our business, capital adequacy, financial condition, results of operations, reputation and prospects.

Expiration or scale-down of COVID-19 related moratoria may increase our level of NPEs, which could have an adverse effect on our financial position, capital adequacy and our results of operations.

In response to the economic effects of the COVID-19 pandemic, the ECB, in March 2020, announced, among others, the introduction of supervisory flexibility regarding the treatment of NPEs. This was meant to allow the banks to benefit from moratoria implemented by public authorities. Similarly, the ECB indicated that it would exercise flexibility concerning loans under the COVID-19 related public moratoria. In March 2020, the European Banking Authority (the “EBA”) recommended that European banks make full use of the flexibility embedded in the regulatory framework in terms of the classification of loans as non-performing and loss provision expectations for NPEs that are covered by payment moratoria.

Following that, the HBA announced various measures to support business and individuals (employees, self-employed and sole proprietors) affected by the crisis. Among other measures, the HBA announced in March

2020 the decision of its members to offer suspension of the instalments of performing loans to individuals and businesses affected by the COVID-19 pandemic¹. On 3 December 2020, due to the continuing adverse effects of the COVID-19 pandemic, based on the EBA's recommendations, HBA announced the decision of its members to extend the application period for inclusion in the moratoria or an extension of the existing suspension programs until 31 March 2021, under certain eligibility criteria. As at 31 December 2020, the total amount of EBA-compliant moratoria implemented by Piraeus Bank comprising both active and expired until December 2020, amounted to €5.9 billion, whereas at the same date the active moratoria stood at €1 billion. As at 31 December 2020, the vast majority of the active moratoria were mainly related to corporate lending and finance leasing to the hotel industry. In order to deal with the uncertainty due to the COVID-19 pandemic, with respect to our risk assessment, we implemented additional criteria based on probability of default, industry characteristics and pre-COVID-19 pandemic performance, in order to effectively allocate exposures that were subject to COVID-19 related public moratoria. This resulted to an increase in stage 2 loans by €0.8 billion compared to 2019. For more details on the impact of COVID-19 and the suspension of payments of loans, see *"Trend Information—Impact of the COVID-19 pandemic"*.

In light of the introduction of vaccination programmes, which are expected to further roll out and accelerate in the following months of 2021, COVID-19 related moratoria may be retracted or contained. Their expiration will be determined by the EBA's recommendations. The aforementioned parameters, may impair our borrowers' ability to service their loans after moratoria expirations, and may result in an increase in the amount of our NPEs, a higher level of non-performing assets (including real estate owned), net charge-offs and provision for loan losses, which may negatively affect, our banking operations, financial condition, capital adequacy and results of operations.

Following the participation of the HFSF in the share capital of Piraeus Holdings, our management, business decisions and operation may be significantly affected by the HFSF.

Following the recapitalisations of the former Piraeus Bank Société Anonyme as a credit institution in 2013 and 2015, the HFSF has become the largest ordinary shareholder of Piraeus Holdings and as at the date of this Prospectus, following the conversion of the Contingent Convertible Bonds on 4 January 2021, and without giving effect to any potential dilution of its voting rights as a result of the completion of the Offering, the HFSF holds 61.34% of the voting rights in Piraeus Holdings, 0.25% of which are restricted. As a result of the HFSF's current shareholding in Piraeus Holdings and its veto and consent rights under the HFSF Law and the Relationship Framework Agreement (as defined below), the HFSF may exercise significant influence over certain corporate actions requiring shareholder approval, the functioning and decision making of our Board of Directors, our business, strategy and future prospects. No assurance can be given that, in exercising such rights, the HFSF's interests will always be aligned with the interests of other shareholders. For more information on certain special rights of the HFSF as a major shareholder, please see *"Elements of Regulatory Framework—The HFSF—Special rights of the HFSF"* and *"Elements of Regulatory Framework—The HFSF—The Relationship Framework Agreement"*.

Furthermore, pursuant to Article 10 of the HFSF Law, the HFSF establishes, with the assistance of an independent consultant, the criteria for the evaluation of our members of the Board of Directors and the committees and any additional committees the HFSF deems necessary, taking into account international best practices. The HFSF also issues specific recommendations for changes and improvements in the corporate governance of Piraeus Holdings and Piraeus Bank Société Anonyme under a relationship framework agreement entered into on 27 November 2015 (the "Relationship Framework Agreement") in accordance with the provisions of the HFSF Law. Furthermore, the HFSF, pursuant to the same article, is entitled to the appointment of a member to our and Piraeus Bank Société Anonyme's Board of Directors and has the power, according to the HFSF Law, to veto, through such member, decisions relating to dividend distributions, remuneration policies and other specifically enumerated commercial and management decisions. For more information on certain special rights that the HFSF has, please see *"Elements of Regulatory Framework—The HFSF—Special rights of the HFSF"* and *"Elements of Regulatory Framework—The HFSF—The Relationship Framework Agreement"*. See also *"Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Board of Directors"* and *"Elements of Regulatory Framework—Management and corporate governance of Piraeus Bank Société Anonyme—Board of Directors"*.

Consequently, as a result of the powers that the HFSF has under the HFSF Law and the Relationship Framework Agreement, which will be maintained in respect of its Ordinary Shares (other than the New Shares),

¹ HBA:<https://www.hba.gr/Media/Details/419>; <https://www.hba.gr/Media/Details/421>; <https://www.hba.gr/Media/Details/439>

the HFSF, following completion of the Share Capital Increase, may exercise significant influence over the functioning and decision making of our Board of Directors and such influence may affect our business and strategy.

We are exposed to the financial performance and creditworthiness of companies and individuals in Greece.

Piraeus Bank Société Anonyme is one of the four systemic Greek banks. Our business, results of operations and financial condition are significantly exposed to the economic and financial performance, creditworthiness, prospects and economic outlook of companies and individuals in Greece or with a significant economic exposure to the Greek economy. In addition, our business activities depend on the level of customer demand for banking, finance and financial products and services, as well as customers' capacity to service their obligations or maintain or increase their demand for our services. Customer demand and customers' ability to service their liabilities depend considerably on their overall economic confidence, prospects, employment status, the state of the public finances in Greece, investment and procurement by the central government and municipalities and the general availability of liquidity and funding on reasonable terms.

In an environment characterised by continuing market turbulence, negative macroeconomic conditions and high levels of unemployment, combined with decreasing private consumption and corporate investment and the deterioration of credit profiles of corporate and retail borrowers further to the COVID-19 pandemic, the value of the assets which collateralise the loans we have extended, including houses and other immovable property, could be significantly reduced. See *"Risks relating to the Hellenic Republic and the global macroeconomic environment—Adverse developments in the global economic activity and the effects of the COVID-19 pandemic on the Greek economy have had, and are likely to continue to have, material and adverse effects on our business, results of operations and financial condition"* and *"Trend Information—Impact of the COVID-19 pandemic"*. Such reduction may lead to the reduction in the value of the loans or an increase in loans in arrears. Since the global spread of COVID-19 continues to dampen the world economy, growth in financial activity was much lower in 2020 and will continue to remain low for the foreseeable future. The Greek economy may not achieve the sustained and robust growth that is necessary to ease the financial constraints of the country and improve conditions for foreign direct investment and the availability of funding from the capital markets. Notwithstanding the recent success of the Third Economic Adjustment Programme, the Greek economy will continue to be affected by the creditworthiness of commercial counterparties internationally and the repercussions arising from the global economic downturn resulting from the COVID-19 pandemic. The prospect of a severe economic recession, coupled with increasing market uncertainty and volatility in asset prices, higher unemployment rates, and declining consumer spending and business investment could result in substantial impairments in the values of our loan assets, decreased demand for borrowings, increased deposit outflows and a significant increase in the level of NPEs.

For risks related to increase of the level of the NPEs, see risk factors above *"—Expiration or scale-down of COVID-19 related moratoria may increase our level of NPEs, which could have an adverse effect on our financial position, capital adequacy and our results of operation"* and *"—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations"*.

A material outflow of customer deposits, particularly retail deposits, an inability to attract new deposits, or an inability to lower the cost of deposits over time, could materially and adversely impact our results, financial condition and prospects, our liquidity position and our loan to deposits ratio.

Historically, one of our principal sources of funds has been customer deposits, and retail deposits in particular. As at 31 December 2020, total corporate deposits and retail deposits represented 20.2% and 56.8% of our total liabilities, respectively, compared to 24.3% and 64.2%, respectively, as at 31 December 2019. As we rely on retail deposits for a substantial portion of our funding, if our retail customers withdraw their funds at a rate faster than the rate at which borrowers repay their loans, if we are unable to attract new deposits or if we are unable to obtain the necessary liquidity by other means, we may incur higher funding costs, have to liquidate some of our assets or increase our funding from the ECB and the Bank of Greece under their respective terms.

The ongoing availability of deposits to fund our loan portfolio is subject to potential changes in certain factors outside our control, such as depositors' concerns regarding the economy in general, the financial services industry or us specifically, the risk of implementation of changes in the framework for supporting the financial credit institutions that are having problems by requiring the participation of their respective shareholders, the creditors and the unsecured depositors and initiatives for taxation of deposits, significant further deterioration in

economic conditions in Greece and the availability and extent of deposit guarantees. Government or resolution authority interventions aimed at alleviating the financial recession and preventing a potential bank failure are uncertain and carry additional risks. Unsecured depositors sharing the burden in case of a recapitalisation or liquidation or resolution measures of banks which are subject to the aforementioned process (see “*Elements of Regulatory Framework—Recovery and resolution of credit institutions*”), as well as the taxation of deposits, may result in a loss of customer confidence and lead to further outflows of deposits from the Greek banking system, which would have a material adverse effect on our ability to operate as a going concern.

Any loss in customer confidence in our banking businesses, or in the banking sector in general, could significantly increase the amount of customer deposit withdrawals or increase the cost of deposits in a short period of time, or will not allow us to lower the cost of deposits in the medium term. If Piraeus Bank Société Anonyme experiences an unusually high level of withdrawals, this may have an adverse effect on our results, financial condition and prospects. Our loan to deposits ratio might be adversely impacted, which, in turn, could negatively impact our ability to issue new loans and earn interest income. Unusually, high levels of withdrawals could prevent us and Piraeus Bank Société Anonyme from funding operations and meeting minimum liquidity requirements. In those circumstances, the Group may not be in a position to continue operating without additional funding support, which it may be unable to secure.

Deteriorating asset valuations resulting from poor market conditions, particularly in relation to developments in the real estate markets, may adversely affect our future earnings and capital adequacy.

The global economic slowdown has resulted in an increase in NPEs and changes in the fair values of our exposures.

A substantial portion of our loans to corporate and individual borrowers is secured by collateral such as real estate, personal guarantees, vessels, term deposits and receivables. In particular, as residential mortgage loans and mortgage-backed loans, are one of our principal assets, we are highly exposed to volatility in the Greek real estate market. Real estate property values depend on various factors including, among others, current rental values and occupancy rates, prospective rental growth, lease length, tenant creditworthiness and solvency, together with the nature, location and physical condition of the property concerned, changes in laws and governmental regulations governing real estate usage, zoning and taxes. As a result, we are exposed to fluctuations in the real estate market, which are typically cyclical in nature, difficult to predict and are affected by the condition of the economy as a whole. These factors, together with the potential for an extended recession and a slower recovery in the Greek economy tied to the COVID-19 pandemic, could have a negative effect on the property market by reducing the ability of property owners to service their debt or decreasing property prices, which, in turn, could have knock-on effects on deposit rates and lender recoveries.

Decreases in the value of collateral to levels lower than the outstanding principal balance of the corresponding loans, the inability to provide additional collateral, the downturn of the Greek economy as a result of the COVID-19 pandemic or the deterioration of the financial conditions in any of the sectors in which our debtors conduct business may result in further impairment losses and provisions to cover credit risk.

A decline in the value of collateral could also be caused by the deterioration of the financial conditions in Greece or the other markets in which the provided collateral is located. In addition, our failure to recover the expected value of collateral in the case of foreclosure, or our inability to initiate foreclosure proceedings due to applicable legislation, may expose us to losses, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, an increase in financial markets volatility or adverse changes in the liquidity of our assets could impair our ability to value certain of our assets and exposures. The value ultimately realised by us will depend on the fair value of assets determined at that time and may be materially different from the current market value. Any decrease in the value of such assets and exposures could require us to recognise additional impairment charges, which could adversely affect our future earnings and our capital adequacy.

We may incur significant losses on our trading and investment activities due to market fluctuations and volatility, which may adversely affect our ability to lend and our profitability, which could require us to raise additional capital.

We maintain trading and investment positions in debt securities, foreign exchange, equity and the performance of the other markets. These positions could be adversely affected by volatility in financial and other

markets and in sovereign debt, creating a risk of substantial losses. Volatility can also lead to losses relating to a broad range of other trading and hedging products we use, including swaps, futures, options and structured products. Significant reductions in estimated or actual values of our assets have occurred as a result of previous events in the market.

Our investing portfolio of €8,361 million as at 31 December 2020 comprised financial assets at FVTPL, financial assets mandatorily at FVTPL, financial assets at FVTOCI and debt securities at amortised cost, representing 11.7% of our total assets, fixed income products, which represent 11.2% of our total assets (€8,036 million), and shares, which represent 0.5% of our total assets (€327 million). In addition, we carry out various proprietary activities, including the placement of deposits denominated in euro and other currencies in the interbank market, as well as trading in primary and secondary markets for government securities. The management of our own portfolio includes taking positions in fixed income and equity markets, both through spot and derivative products and other financial instruments. Trading on account of our own portfolio carries risks including risks related to market conditions. Continued volatility and further fragmentation of certain financial markets may affect our financial position, operating results and prospects. In the future, these factors may have an influence on day-to-day valuations of our financial assets and liabilities, recorded at fair value. In addition, volatility could lead to further impairment losses, including impairment of our investment in sovereign debt securities. That may adversely affect our ability to lend and our profitability, which would require us to undertake additional capital enhancing actions, including raising additional capital. For further information in relation to the exposure to market risk for these portfolios, see “Risk Management—Market risk”.

We are exposed to credit risk, market risk, interest rate risk, operational risk and liquidity risk.

As a result of our activities, we are exposed to a variety of risks, among the most significant of which are credit risk, market risk, interest rate risk, operational risk and liquidity risk. Failure to control these could result in material adverse effects on our financial performance and reputation.

Credit risk. Credit risk is the risk of financial loss to us arising from the possible inability and/or unwillingness of obligors to fulfil their contractual or transactional obligations. Our exposure to credit risk mainly arises from corporate and retail credit, various investments, over-the-counter (the “OTC”) derivative transactions, as well as from transactions’ settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the debtor’s financial condition, the amount/type/duration of the relevant exposure and the existence of collateral and guarantees, which we may not be able to assess with accuracy at the time of undertaking the relevant activity. If there is a further deterioration in economic and market conditions in one or more of the markets in which we operate, this could worsen the credit quality of our borrowers and counterparties. In Greece and in the other countries in which we operate, we may continue to see adverse changes in the credit quality of borrowers and counterparties, with increasing delinquencies, defaults and insolvencies across a range of sectors, particularly in the real estate market where our exposure is significant due to mortgage loans. These trends and risks have led and may lead to further and accelerated impairment charges, higher costs, additional write-downs and losses.

Market risk. Market risk is the risk of economic losses to us due to adverse changes in market rates or prices, such as interest rate changes, foreign exchange rate changes, equity/debt security price and commodity price changes. Interest rate risk is the main source of market risk for us, because unexpected changes in interest rates may adversely affect our results by changing our net interest income and the value of other income or expense susceptible to changes in interest rates. If any of the variety of instruments and strategies that we use to hedge our exposure to various types of risk in our businesses is not effective, we may incur losses. Many of our strategies are based on historical trading patterns and correlations. Unexpected market developments may therefore adversely affect the effectiveness of our hedging strategies. Moreover, we do not hedge all of our risk exposure in all market environments or against all types of risk. In addition, the manner in which gains and losses resulting from certain hedges are recorded may result in additional volatility in our reported earnings. We do not ordinarily hedge the credit exposure on our Greek government bond portfolio or our Greek government treasury bills. See “Risk Management—Market risk—Foreign currency risk” and “Risk Management—Market risk—Interest rate risk”.

Interest rate risk. Interest rates are highly sensitive to many factors beyond our control, including global pandemics, monetary policies and domestic and international economic and political conditions. Additional events may affect the volatility of interest rates in Greece and in the other countries in which we operate. Changes in interest rates also affect the value of assets and liabilities, since the present value of future cash flows, and in some cases, the cash flows themselves change when interest rates change. Changes in market interest rates

could affect the spread between interest rates we charge on our interest-earning assets and the interest rates we pay on our interest-bearing liabilities, which may adversely impact our net interest income. Given that the majority of our lending is refinanced within a year, rising interest rates may also result in an increase in our impairment losses on loans and advances if customers cannot service or refinance their loans in a higher interest rate environment. The undiversified VaR estimate for our trading book as at 31 December 2020 was €2.8 million, consisting of €2.8 million for interest rate risk, €0.2 million for foreign exchange risk and reduced by €0.2 million due to the diversification effect in our portfolio. The VaR measure is an estimate of the potential loss in the net present value of a portfolio, over a specified period and with a specified confidence level. For a detailed discussion on the various methods of calculating the VaR and its use for the calculation of the market risk see “*Risk Management—Market risk*”. Furthermore, an increase in interest rates may impair customers’ ability to repay their obligations in light of the existing financial situation. Similarly, unexpected adverse changes in currency markets may affect the value of our assets and liabilities denominated in foreign currency, potentially leading to a decrease in operating income and net position. Movements in the financial markets may cause fluctuations in the value of our investment and trading portfolios.

Operational risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This would include losses that are caused by a lack of controls within internal procedures, violations of internal policies by employees, the unavailability of IT systems, natural disasters (such as floods or earthquakes) or malicious acts by third parties (such as robberies or terrorist activity). Furthermore, we recognise the risk of legal and regulatory sanctions, financial loss and/or impacts on our reputation, which may result from a breach or non-compliance with the legal and regulatory framework, contractual obligations and codes of conduct related to our activities.

Liquidity risk. Liquidity risk is our potential inability to anticipate and take appropriate measures to deal with unforeseen decreases or changes in funding sources which could adversely affect our ability to fulfil our financial obligations when they fall due. The management of liquidity risk refers to our ability to maintain sufficient liquidity to meet our payment obligations when they fall due.

For more information about our risk management, see “*Risk Management*”.

We face significant competition from Greek and foreign banks which might adversely affect our fee income and compress our profit margins.

The general scarcity of wholesale funding since the onset of the economic crisis has led to a significant increase in competition for retail deposits in Greece and significant consolidation of the Greek banking system. We also face competition from foreign banks. We may not be able to continue to compete successfully with domestic and international banks in the future. These competitive pressures may have an adverse effect on our business, financial condition, results of operations and prospects. Our success depends on our capacity to offer a wide range of competitive and high-quality products and services to our customers. In order to pursue these objectives, we have adopted a strategy of segmentation of our customer base, aimed at serving the various needs of each segment in the most suitable manner. Moreover, we seek to maintain long-term financial relations with our customers through the sale of anchor products and services. Nevertheless, high levels of competition in Greece, and an increased emphasis on cost reduction, may lead to a decrease in our fee income and compress our profit margins, which may have an adverse impact on our profitability.

We are subject to the risk of legal and regulatory actions and other claims.

Litigation risk is the risk of exposure to various litigation as a result of changing and developing consumer protection legislation, legislation on the provision of banking and investment services and data privacy. The Group is subject to several claims, legal actions and proceedings arising in the ordinary course of business. These actions and proceedings are generally based on alleged violations of consumer protection, banking, employment and other laws. Although none of these actions and proceedings is individually material and neither the Bank nor any other Group member is involved in any legal or arbitration proceeding (including proceedings that, to our knowledge, are pending or threatened) which may have significant impact on our financial position and income statement, the Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory investigation and other risks. As at 31 December 2020, we have made provisions for litigation for €30 million.

Changes in consumer protection laws in Greece could limit the fees that banks may charge for certain products and services such as mortgages, unsecured loans and credit cards, with a negative effect on our

business, financial condition, results of operations and prospects. The Hellenic Competition Commission has also the power to, *inter alia*, review the fees charged in the provision of the relevant services by the Bank, and can investigate potential infringements of Articles 1 and 2 of the Greek Competition Act, as well as Articles 101 and 102 of the Treaty on the Functioning of the European Union, which prohibit cartels and restrictive exclusionary practices in the relevant markets.

Legal and regulatory actions are subject to many uncertainties, and their outcomes, including the timing, amount of fines or settlements or the form of any settlements, which may be material and in excess of any related provisions, are often difficult to predict, particularly in the early stages of a case or investigation, and our expectation for resolution may change. In addition, responding to and defending any current or potential proceedings involving the Group or any of its directors and other employees may be expensive and may result in diversion of management resources (including the time of the affected persons or other Group's employees) even if the actions are ultimately unsuccessful. Accordingly, any such legal proceedings and other actions involving any member of the Group or any of its directors or other employees may have an adverse effect on the Group, including negative publicity, loss of revenue, litigation, fines, higher scrutiny and/or intervention from regulators, regulatory or legislative action, and loss of existing or potential client business, which in turn could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

We may have to bear additional costs in regard to staff costs.

Under the measures for the implementation of our strategy, we reduced the number of our employees in Greece during 2019 and 2020 mainly through the implementation of voluntary exit schemes, and may continue in the future to reduce, albeit gradually, the number of employees in Greece or other countries, particularly through voluntary mechanisms, such as termination by mutual agreement or, to the extent legally possible, early retirement. In July 2019, we announced a voluntary exit scheme with a total cost of €36 million for the year ended 31 December 2019. In October 2020, we announced a new voluntary exit scheme for targeted groups of our employees. Voluntary exits as at 31 December 2020 reached 8.3% of our workforce. Additional exits from the voluntary exit scheme of 2020 will be gradually effected in 2021, whereas extra initiatives for extra full-time equivalent rationalisation will be implemented in 2021. Total cost for the full-time equivalent rationalisation in 2020 amounted to €148 million for the year ended 31 December 2020. We cannot know whether, nor guarantee that these measures or any other future action relative to the implementation of our strategy will not result in legal disputes or disturbances to our activity. Such initiatives may lead to additional restructuring expenditure in terms of staff costs.

An interruption in or a breach of security in our information systems may result in lost business and other losses.

A significant part of our operations is based on the processing, transfer and storage of information, through the use of integrated information systems and telecommunication systems. Moreover, we keep large amounts of sensitive data, such as data on customers and their transactions.

We face significant business risks deriving from our increasing dependence on our integrated information systems, the increasing interconnection between such systems and clients or third parties, the continuous organisational and technological changes imposed by business needs and the daily appearance of new technological or other threats. Such risks include unauthorised access, loss or destruction of data (including clients' confidential information), data hacking (*e.g.*, account hacking), the unavailability of services, computer viruses or other malicious codes, cyber-attacks, and other logical security incidents. Such threats may originate from human error, fraud or intentional actions on the part of employees, associated companies or third parties (*e.g.*, hackers), or from random technological failure.

In the current environment, there are numerous and evolving risks to cyber security, including criminal hackers and human or technological error. Database privacy, identity theft and related computer and internet issues are also matters of growing public concern and are subject to frequently changing rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area, or from evolution in technology, could result in legal liability or harm to our reputation. As a result of the increased visibility of our brand, there is a heightened risk of cyber-attacks and phishing attempts. Although we have put in place security systems on a Group level (including our subsidiaries abroad), any failure or interruption or breach in security of these systems for any reason could result in failures or interruptions in our operations support, product customer relationship management systems (such as deposit and loan management systems). We cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that

they will be adequately addressed. The occurrence of any failures or interruptions could result in a loss of customer data, disclosure of confidential information, legal and regulatory liability and an inability to service our customers, which could have a material adverse effect on our business, reputation, results of operations and financial condition.

We are exposed to the risk of potential fraud and illegal activities of any form, which, if not successfully dealt with in a timely manner, could have negative effects on our business, financial condition, results of operations and prospects.

We are subject to rules and regulations related to combating money laundering and terrorism financing. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. We cannot guarantee that our policies and procedures and our staff will comply at all times with or be sufficient to address all rules applicable to and prevent all attempts of money laundering and terrorism financing in all circumstances and in all jurisdictions in which we operate. Should any of our intermediaries, customers, suppliers, partners, affiliates, or employees receive or grant inappropriate benefits or use corrupt, fraudulent, or other unfair business practices, we could be confronted with legal sanctions, penalties, loss of business, claims by injured parties, or harm to our reputation, which could in turn have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our management body and senior management may be subject to changes by virtue of the powers exercised by the competent authority pursuant to the Greek BRRD Law, which may adversely affect our business and operations.

Under Article 27 and Article 30 of the Greek BRRD Law, if Piraeus Holdings and/or Piraeus Bank Société Anonyme infringes or is likely in the near future to infringe the requirements of, among other statutes, Regulation (EU) 575/2013 (“CRR”) or, with respect to Piraeus Bank Société Anonyme, Law 4261/2014 which transposed CRD IV into Greek law, due to, *inter alia*, a rapidly deteriorating financial condition, the competent authority may require one or more members of the Board of Directors or senior management of any or both of Piraeus Holdings and Piraeus Bank Société Anonyme to be removed or replaced if those persons are found unfit to perform their duties. Under Article 28 of the Greek BRRD Law, the competent authority may require the removal of our senior management or management body, in its entirety or with regard to individuals, where there is a significant deterioration in our financial situation or where there are serious infringements of law, of regulations or of our statutes, or serious administrative irregularities, and other measures taken under the Greek BRRD Law are not sufficient to reverse that deterioration.

In addition, under Article 34(1) of the Greek BRRD Law, when applying the resolution tools and exercising the resolution powers, the competent resolution authority must take all appropriate measures to ensure that the resolution action is taken in accordance with certain principles. One of those principles is that the management body and senior management of the entity under resolution be replaced, except in those cases when the retention of the management body and senior management (in whole or in part) is considered necessary for the achievement of the resolution objectives. As such, if the competent resolution authority exercises its early supervisory intervention and/or resolution powers upon Piraeus Holdings and/or Piraeus Bank Société Anonyme, it is likely that their respective Board of Directors and senior management will be replaced.

The impact (if any) of such removal and/or replacement of the relevant Board of Directors and senior management is uncertain and could adversely affect our financial condition and future prospects.

1.2 Risks relating to the Hellenic Republic and the global macro-economic environment

Adverse developments in the global economic activity and the effects of the COVID-19 pandemic on the Greek economy have had, and are likely to continue to have, material and adverse effects on our business, results of operations and financial condition.

The majority of our business is in Greece, accounting for 99% of our assets. As a result, macroeconomic developments and political conditions in Greece affect our business and results of operations, the quality of our assets and general financial condition directly and significantly.

During the period between 2010 and 2018, the Hellenic Republic faced sizeable pressure on its public finances and received financial assistance under consecutive support programmes sponsored by the European Commission, the ECB, the European Stability Mechanism (“ESM”) and the IMF. The Greek economy

encountered significant fiscal challenges and structural weaknesses. Greece has completed its last three-year ESM financial assistance programme (the “Third Economic Adjustment Programme”) in August 2018. As at the Date of this Prospectus, the current long-term credit ratings of Greece by Moody’s Investors Service Limited (“Moody’s”), Standard & Poor’s Credit Market Services Europe Limited (“S&P”) and Fitch Ratings Limited (“Fitch”) are Ba3 (stable), BB- (stable), and BB (stable) respectively. Any adverse revisions to the Hellenic Republic’s credit ratings by such or similar international rating agencies may result in a drop of the price of the Ordinary Shares, and may adversely impact our general financial condition, our business and results of operation.

In November 2020, Greece’s seasonality adjusted unemployment rate reached 16.5%, the highest among its European peers, as reported by the ELSTAT. Although Greece has been on a positive GDP growth trajectory since 2017, the current global economic downturn mainly caused by the spread of the COVID-19 and its new strains and mutations resulted in a significant GDP contraction in 2020. On 11 March 2020, the World Health Organisation confirmed that the spread and severity of the COVID-19 had escalated to the point of pandemic. In 2020, the real GDP of Greece fell by 8.2% compared to 2019. Amidst this health crisis, after showing signs of recovery during the last two years, the Greek real estate market has been negatively impacted. The residential property prices (the apartment price index of the Bank of Greece) have decelerated to 4.2% growth in 2020, following a 7.2% increase in 2019.

In 2020, real GDP decreased by 8.2% in Greece, as reported by ELSTAT, and a recovery of 4.8% in 2021 is expected as estimated by the European Commission in its 2020 Winter forecasts (11 February 2021). This projection assumes that vaccination will gradually succeed to protect the most vulnerable persons by mid-2021, allowing for a lasting, if only step-wise relaxation of the containment measures in the second quarter. The external sector is also projected to provide a positive contribution to growth, albeit less strong than previously expected as tourism may take longer to recover fully. In addition, this projection assumes that fiscal policy in 2021 will continue to support the economy with targeted interventions towards businesses and households. The slack in the economy is expected to weigh on price growth, which is expected to remain mildly negative also in 2021, with a subsequent recovery in 2022.

Beginning in December 2019, the COVID-19 pandemic has spread rapidly throughout the world contributing to a macroeconomic framework of uncertainty, creating disruptions and significant volatility in the financial markets. As a response, many governments have implemented policies designed to prevent or delay the spread of COVID-19, such as mandatory closure of business, travel restrictions and social distancing, and these measures may remain in effect for a significant period of time. These containment measures taken to tackle the COVID-19 outbreak significantly reduced, and may continue to reduce in the future, economic activity and a substantial or potential prolongation of such measures could result in local, regional or national recessions. Although COVID-19 vaccination programmes are progressing, as at the Date of this Prospectus, such measures continue to impact economic activity. It remains unclear how long these restrictions will be in place and what their ultimate impact will be on global, regional and national economies. There can also be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances of certain European countries will not lead to new funding uncertainty, resulting in increased volatility and widening credit spreads. Risks related to the economic development in Europe have also had and, despite the recent periods of moderate stabilisation, may continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on our business, results of operations, financial condition or prospects. In addition, we may be faced with deteriorating asset quality arising from our participation to Greek state sponsored financing schemes, part of the Greek state’s response to the COVID-19 crisis. There are no comparable recent events that could provide us with guidance as to the effect of the spreading of COVID-19 and the resulting global pandemic, and, consequently, the final impact of the COVID-19 pandemic or of any similar health epidemic is highly uncertain and subject to change.

Since mid-March 2020, in order to combat the uncertainty and the negative economic effects of those containment actions, the Greek government also announced several measures to alleviate the negative effects on the Greek economy, and particularly on businesses, professionals and employees, some of them in cooperation with EU institutions. The pandemic and the actions taken to reduce its spread have had, and are likely to continue to have, negative impacts on our business, such as causing declines in demand for services mainly addressed to tourists such as FX transactions, money withdrawals and credit card transactions, deterioration of our asset quality and formation of new NPEs when the debt moratoria offered to our business and retail customers expire (for a more detailed discussion on the risks associated with a potential expiration or scale-down of the COVID-19 related moratoria see “—Risks relating to our business—Expiration or scale-down of COVID-19 related moratoria may increase our level of NPEs, which could have an adverse effect on our financial position, capital

adequacy and our results of operations”), delays in the collection and liquidation operations due to the disruptions in the judicial procedures, limitations on our employees’ ability to travel, significant changes in the economic or political conditions. For a more detailed discussion of the impact of the COVID-19 pandemic on our business, see *“Trend Information—Impact of the COVID-19 pandemic”*.

The degree to which COVID-19 impacts our results of operations, liquidity, access to funding and financial position is outside of our control and will depend on future developments such as the spread of the virus and the response of the local authorities and the global community, which are still highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimulus and how quickly, to what extent normal economic and business activity can resume and the possibility to experience further lockdown periods. Moreover, even after the outbreak of the COVID-19 pandemic has subsided, we may continue to face material adverse impacts on our business as a result of its global economic impact, including any recession, economic slowdown or increases in unemployment levels that have occurred or may occur in the future. Additionally, the unprecedented necessity of working remotely has strengthened the financial position and competitive advantage in the electronic banking and other electronic financial services provided by fin-tech companies in an unprecedented way, which has in turn increased our field of competitors in the fin-tech space. Such increased competition in a fast-growing aspect of our business could have a negative impact on our business and results of operation.

In addition to the COVID-19 pandemic, the macroeconomic environment has also been negatively influenced by the uncertainty caused by the withdrawal of the United Kingdom (the “UK”) from the EU. In particular, on 31 January 2020, the UK ceased to be a member of the EU and the European Economic Area (the “EEA”). By virtue of the European Union (Withdrawal) Act 2018 and the Withdrawal Agreement, EU law and EU-derived domestic legislation continued to apply to and in the UK during a transition period ended on 31 December 2020. During the transition period, the UK continued to be treated as a member state under EU law unless otherwise specified. On 24 December 2020, an agreement in principle was reached in relation to the EU-UK trade and cooperation agreement (the “Trade and Cooperation Agreement”), to govern the future relations between the EU and UK following the end of the transition period. On 23 February 2021, the EU-UK Partnership Council decided, at the EU’s request, to extend the provisional application of the Trade and Cooperation Agreement until 30 April 2021, to allow sufficient time to complete the legal-linguistic revision of the agreements in all 24 EU languages. While the Trade and Cooperation Agreement has decreased uncertainty as regards the structure of the future relationship between the UK and the EU, the precise impact of the withdrawal of the UK from the EU on the European economy generally, and on the Greek economy and on our business in particular, remains difficult to predict. Accordingly, no assurance can be given that the UK’s withdrawal from the EU will not adversely affect our business, financial condition and results of operations, the market value or the liquidity of our Ordinary Shares.

Adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth caused by the effect of the COVID-19 pandemic or other global adverse events could negatively affect our business, operating results, financial condition and prospects, potentially compressing our profit margin and our ability to increase our fees.

Political, geopolitical and economic developments could adversely affect our operations.

External factors, such as political, geopolitical and economic developments, may negatively affect our operations, strategy and prospects both in and outside Greece. Our financial condition and operating results as well as our strategy and financial prospects may be adversely affected by events outside our control, which include, but are not limited to:

- changes in government and economic policies;
- political instability, military conflicts or geopolitical tensions that impact South-Eastern Mediterranean Europe and/or other regions;
- changes in the level of interest rates imposed by the ECB;
- fluctuations in consumer confidence and the level of consumer spending;
- regulations and directives relating to the banking and other sectors; and
- taxation and other political, geopolitical and economic or social risks relating to our business development.

Relations between Greece and Turkey soured in 2020 over competing geopolitical and economic interests in the region of Eastern Mediterranean Sea. Other regional powers with interests in the region have been involved in this escalation. An influx of immigrants and refugees from the Turkish border to Greece also added to these tensions. The uncertainty created by such escalation and any potential further deterioration of the relations between Greece and Turkey that may lead intentionally or unintentionally to a military conflict would have a negative effect on the Hellenic Republic, its finances, the consumer confidence and could adversely affect our business, financial condition and results of operations.

In addition, any adverse developments in the global economy may negatively affect the overall economic environment and by extension the Greek economy leading to higher unemployment rates and negative GDP growth with corresponding negative consequences for our business, financial condition and results of operations.

Our borrowing costs, liquidity levels and access to the capital and interbank markets are directly related to the credit rating of the Hellenic Republic affecting our credit rating.

Downgrades of the Hellenic Republic's rating had occurred in the past, especially since the onset of the financial crisis in 2009, and may occur in the future in the event of a deterioration in the country's public finances as a result of weaker economic performance due to the COVID-19 pandemic or any other reason. In such circumstances, the cost of borrowing for the Hellenic Republic would increase, with negative effects on the cost of borrowing for Greek banks and therefore on their results of operations (for a more detailed discussion on the impact of the COVID-19 pandemic and its effects on the economic activity globally and in Greece, see "*—Adverse developments in the global economic activity and the effects of the COVID-19 pandemic on the Greek economy have had, and are likely to continue to have, material and adverse effects on our business, results of operations and financial condition*").

Historically, our credit ratings have been affected by the credit rating of the Hellenic Republic. Consequently, downgrades to the credit ratings of Greece could negatively affect our credit ratings and our credit ratings could remain at a low level for a prolonged period of time. Negative publicity following credit rating downgrades may continue to have an adverse effect on depositors' sentiment, which may increase our borrowing costs and decrease available liquidity.

The most recent credit ratings of Piraeus Holdings by the international ratings agencies are as follows: Moody's as at 4 January 2021 rated us Caa3 (stable outlook) and S&P as at 30 December 2020 rated us B- (stable outlook). The most recent credit ratings of Piraeus Bank Société Anonyme by the international ratings agencies are as follows: Moody's as at 4 January 2021 rated us Caa2; S&P as at 30 December 2020 rated us B-; and Fitch as at 31 December 2020 rated us CCC. If our credit ratings remain at a low level, coupled with the deterioration of market conditions, this may also trigger additional collateral requirements in derivative contracts and other secured funding arrangements. As a result, our counterparties may no longer be willing to enter into hedging transactions with us and lead to higher spreads on bonds and further restrict our ability to use our collateral to secure funding.

1.3 Risks relating to the regulatory framework

We are subject to stress testing, which may result in a requirement to raise additional capital or more stringent capital requirements in the future or have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

Stress tests analysing the banking sector have been, and will continue to be, published by national and supranational authorities and regulators including the EBA, the ECB and others. As part of the 2021 EU-wide stress tests that EBA launched on 29 January 2021, the ECB also announced that it plans to conduct its own stress test for 53 banks it directly supervises which do not participate in the EBA-led stress test sample, including Piraeus Bank Société Anonyme, with results expected to be announced in July 2021. According to the ECB press release, this exercise will be consistent with the EBA's methodology and apply the same scenarios, while also including proportionality elements as suggested by the overall smaller size and lower complexity of these banks. The stress assumptions are different from the assumptions applied in different stress tests. The basis for the stress test that the EBA are performing are the consolidated financial statements as at and for the year ended 31 December 2020. The results of the stress tests will be used to assess each bank's Pillar 2 capital needs in the context of the supervisory review and evaluation process (the "SREP"). Furthermore, they will support macroprudential tasks and the ECB will assess the macroprudential implications of the exercise for the Euro area. Given the difference in stress test assumptions and financial starting points relative to previous stress test

exercises, no conclusion can be drawn from the result of previous stress tests as to the potential outcome of the 2021 stress test. As at 31 December 2020, our CET1 capital ratio stood at 13.75% and our total regulatory capital ratio stood at 15.82%.

Greek banks may be required in the future to meet more stringent capital requirements regarding their CET1 capital ratios due to the outcome of such stress test exercise or the expiration of the capital forbearance put in place in the aftermath of the COVID-19 pandemic. If we were to fail to meet any such new requirements at a consolidated level by accessing the capital markets or by organic capital generation, we would be required to receive additional capital from other sources, including, potentially, by means of public financial support, which would also include the implementation of the general bail-in measure or the non-viability loss absorption measure or, in case of extraordinary public financial support of Article 32, paragraph 3(d)(cc) of the Greek BRRD Law, the mandatory burden sharing measures of the HFSF Law (to the extent applicable) – each of which could result to the holders of Ordinary Shares losing all or part of their investment.

Loss of confidence in the banking sector following the announcement of stress tests regarding a particular bank or the Greek banking system as a whole, or market perception that any such tests are not rigorous enough, could have a negative effect on the cost of funding and may thus have a material adverse effect on operations and financial condition. Any future stress tests may result in higher regulatory capital requirements or a requirement to raise additional capital. Furthermore, we may face additional pressure from the regulators, which may lead to a disposal of further NPEs even on terms that may not be favourable to the Group. In addition, the exercise of the above powers by the regulators coupled with the potential enforcement of more stringent capital requirements or regulatory measures, may have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

The BRRD and the MREL framework may have a material adverse effect on our business, financial condition, and results of operations.

Directive 2014/59/EU (the “BRRD” or “Bank Recovery and Resolution Directive”), sets out rules designed to harmonise and improve the tools for dealing with bank crises across the EU and ensures that shareholders, creditors and unsecured depositors mandatorily participate in the recapitalisation and/or the liquidation of institutions that fail or are likely to fail, as these circumstances are described in the BRRD. The BRRD has been initially transposed in Greece by virtue of the Greek BRRD Law. The Greek BRRD Law is expected to be further amended to transpose the provisions of the BRRD II, namely Directive (EU) 2019/879.

Where a financial holding company (such as Piraeus Holdings) and/or a credit institution which is a subsidiary of such financial holding company (such as Piraeus Bank Société Anonyme) is determined to be failing or likely to fail (as contemplated by the BRRD) and there is no reasonable prospect that any of the alternative measures described in Article 32 of the Greek BRRD Law would prevent such failure within a reasonable period of time, the Greek BRRD Law resolution actions are available to the competent resolution authority comprising tools such as the asset separation, the bridge institution, the sale of business and the bail-in.

Should we be determined to be failing or likely to fail (as contemplated by the BRRD and the Greek BRRD Law), the competent resolution authority has the power, pursuant to Article 35 of the Greek BRRD Law, to remove the Board of Directors of each of Piraeus Holdings and Piraeus Bank Société Anonyme and their respective management team and, therefore, adversely affect our business, financial condition, results of operations and prospects. Other resolution tools of the Greek BRRD Law could result in our Ordinary Shares or the shares of Piraeus Bank Société Anonyme being written down or cancelled by the competent resolution authority. In such case the holders of the Ordinary Shares could incur a partial or total loss of their investment. See also “Elements of Regulatory Framework—Recovery and resolution of credit institutions”.

In addition, the MREL framework provides that there should be sufficient loss-absorbing and recapitalisation capacity available in resolution of any credit institution on a stand-alone or, as applicable, a consolidated level, to implement an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions, and avoids exposing taxpayers (public funds) to loss. The Single Resolution Board (the “SRB”) has been authorised to calculate and determine the level of MREL for each EU systemic credit institution (including Piraeus Bank Société Anonyme) (for further details see “*Information on the Capital of the Group—Capital management*”).

In April 2020, in light of the COVID-19 pandemic, the SRB noted that in the 2020 resolution planning cycle, MREL targets will be set according to a transition period, that is setting the final target by 2024 on the

basis of recent MREL data and reflecting changing capital requirements, while it will take a forward-looking approach for banks that may face difficulties meeting the existing targets, before new decisions take effect. The Greek banks have been granted an extension until 31 December 2025 to meet their respective final MREL target. On 20 May 2020, the SRB announced its MREL policy, setting out binding MREL targets, indicating that its MREL decisions, including those for subordination, implementing the new framework (the so-called “Banking Package”) will be taken based on this policy in the 2020 resolution planning cycle. For Piraeus Bank Société Anonyme, the fully calibrated MREL (final target) to be met by 31 December 2025 is 23.23% of our total risk exposure amount.

In addition, the timing and the proper market window are also critical for the issuance of MREL qualifying instruments. For instance, from mid-February to end-March 2020, European banks’ gross bond issuances dropped below the 2015-2019 average issuance, driven by the market disruption and the rise of funding costs brought by the COVID-19 pandemic. Investors may question our ability to meet our MREL targets and thus the issuance of the Additional Tier 1 capital instruments, which forms part of our Capital Enhancement Plan, may not be achieved within the envisaged timeframe. This could lead to further delays in the execution of our NPE Reduction Plan and our Transformation Plan. In case we fail to achieve certain MREL targets within a specific time-frame due to factors extending beyond our control or our eligible MREL resources evolve differently than anticipated, this could adversely affect our ability to comply with the SRB’s requirements or could result in issuing MREL at very high costs, which could adversely affect our business, financial condition, results of operations and prospects.

Furthermore, the exercise of some or all of the resolution powers by the competent resolution authority under the BRRD and the MREL framework may also affect the confidence of Piraeus Bank Société Anonyme’s depositors and so may have a significant impact on our results of operations, business, assets, liquidity and financial condition, as well as on funding activities and the products and services we offer.

The Group is subject to extensive and complex regulation, which is the subject of ongoing change and reform, imposing a significant compliance burden on the Group and increasing the risk of non-compliance and may result in uncertainty about the Group’s ability to achieve and maintain the required capital levels and liquidity.

The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which it operates. All of these are subject to change, particularly in the current market environment, especially following the outbreak of the COVID-19 pandemic, where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions. In response to the global financial crisis, national governments as well as supranational groups, such as the EU, have been considering and continuously implementing significant changes to the regulatory framework, including those pertaining to capital adequacy, liquidity and the scope of banks’ operations. For example, significant amendments to the CRR and the CRD IV, the BRRD and the SRM (as described further and defined herein) were adopted in 2019, while measures taken at both state and EU level in the first three quarters of 2020 in response to the pandemic crisis have prompted temporary change to the regulatory framework applicable to us (see “*Elements of Regulatory Framework—COVID-19 pandemic related measures*”). As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed by virtue of our status, together with Piraeus Bank Société Anonyme, as a significant supervised group or our participation in any government or regulator-led initiatives), we may face greater regulation in Greece.

Our compliance with new regulatory frameworks may increase our regulatory capital requirements, liquidity needs and costs, heighten our disclosure requirements, restrict certain types of transactions, affect our strategy and restrict or require the modification of rates or fees that we charge on certain loans and other products and consequently reduce the return on our investments, assets and equity. We may also face increased compliance costs and limitations on our ability to pursue certain business opportunities. Any such new regulatory framework may have a broader scope and entail significant changes and unforeseen consequences in the global financial system, the Greek financial system or our business, including increasing general uncertainty in the markets, increasing competition or favouring/disfavouring certain lines of business. New regulatory frameworks also increase the risk of non-compliance, and consequently litigation risk and regulatory investigations, the results of which are hardly predictable and, if adverse, could result in payments of compensations, fines or other regulatory sanctions which in turn could adversely affect the Group’s businesses, financial results and reputation.

Changes in regulation may result in uncertainty about the Group’s ability to achieve and maintain required capital levels and liquidity. We are required by our regulators to maintain minimum capital ratios. These required

levels may increase in the future, for example pursuant to the SREP as applied to us. In addition, the manner in which the requirements are applied may adversely affect the Group and our capital ratios.

Piraeus Holdings and Piraeus Bank Société Anonyme are directly supervised by the ECB through the SSM, which has created a system of prudential regulation comprising the ECB and the national competent authorities of participating Eurozone countries, and has set minimum capital requirements. We, and our regulated subsidiaries are subject to the risk of having insufficient capital resources or a lack of liquidity to meet the minimum regulatory capital and/or liquidity requirements. In addition, those minimum regulatory capital requirements are likely to increase in the future, or the methods of calculating capital resources may change, especially in light of the upcoming implementation of Basel III. The SSM could introduce risk-weighted assets floors (as it has done in other jurisdictions), and further harmonisation of risk-weighted assets could increase risk weighting of exposures. In addition, proposals have been discussed which would cap the amount of sovereign bonds that banks could hold, or assign risk weights to sovereign bond holdings, which could require banks to raise additional capital. Likewise, we are obliged under applicable regulations to retain a certain liquidity coverage ratio (the “LCR”). Liquidity requirements may come under heightened scrutiny and may place additional stress on the Group’s liquidity demands in the jurisdictions in which it operates. In light of this and pursuant to the 2020 SREP Decision, Piraeus Bank Société Anonyme was imposed with prudential and qualitative requirements pursuant to which Piraeus Bank Société Anonyme is required to (i) fulfil a 14.25% Overall Capital Requirement (the “OCR”) (see “*Information on the Capital of the Group—Capital management*”); (ii) submit to the ECB on a bi-annual basis a LCR forecast report outlining measures taken to ensure long-term compliance with liquidity requirements; and (iii) obtain ECB’s approval prior to making any distribution to its shareholders and holders of capital instruments, other than shares, insofar as these qualify as CET 1 or Additional Tier 1 capital instruments, where non-payment does not constitute an event of default. Due to the outbreak of the COVID-19 pandemic and its potential effects on the economy and the banking sector, the ECB announced on 12 March 2020 measures that allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance and the capital conservation buffer.

Although it is difficult to predict with certainty the impact of regulatory developments on the capital ratios of the Group, the legislation and regulations especially in the EU and Greece may lead to an increase of capital and liquidity requirements (and, hence, a need for additional capital and capital increases), capital costs and reporting requirements and have negative implications on activities, products and services offered, as well as to the value of the Group’s assets, operating results and financial condition. If the Group is required to raise capital to meet its capital requirements, the holders of Ordinary Shares could be diluted. Furthermore, if the Group is not able to raise such capital from capital markets or other private means, it may request such additional funding by means of extraordinary public financial support, which would also include the implementation of the burden sharing measures provided for by the Greek BRRD Law or the HFSF Law (in case of a precautionary recapitalisation pursuant to Article 32, paragraph 3(d)(cc) of the Greek BRRD Law), as the case may be (see “*Elements of Regulatory Framework—Recovery and resolution of credit institutions*”). In both cases, the holders of Ordinary Shares may be subject to limitations on their rights, in case that such measures are implemented at the level of Piraeus Holdings, and/or incur significant losses in their investments, irrespective of whether such measures are implemented on Piraeus Holdings or Piraeus Bank Société Anonyme, as the case may be, as in each of the above-mentioned cases, the holders of Ordinary Shares could lose all or part of their investment. Furthermore, the exercise of any such powers by the competent authority may have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

Applicable bankruptcy, insolvency, enforcement, and other laws and regulations affecting creditors’ rights in Greece where the Group mainly operates may limit the Group’s ability to receive payments on defaulted credits.

Greek laws regarding bankruptcy, insolvency, enforcement and other laws and regulations governing creditors’ rights generally vary significantly from other countries. In Greece, bankruptcy, insolvency, enforcement and other laws and regulations affecting creditors’ rights are likely to offer less protection for creditors than bankruptcy, insolvency and enforcement regimes in other developed countries.

Since the onset of the financial crisis in Greece, legislation has been adopted to enable vulnerable categories of individual debtors meeting specific economic and social criteria to seek court protection regarding the repayment or restructuring of their debt whereas the current bankruptcy code allows for agreements between corporate debtors and their creditors in the context of restructuring proceedings, which have resulted and could further result in credit institutions incurring significant credit impairments or write-offs. For more details on the legislation in Greece impacting restructuring proceedings please see “*Elements of Regulatory Framework—Extrajudicial debt settlement mechanism*”.

If the current economic environment worsens, including as a result of the COVID-19 pandemic, bankruptcies, other insolvency procedures and governmental measures, including payment and enforcement moratoria, could intensify or applicable laws and regulations may be amended to limit the impact of the recession on corporate and retail debtors. Furthermore, the heavy workload that local courts may face, the cumbersome and time consuming administrative and other processes and requirements to which restructuring, insolvency and enforcement measures are subject slow the pace at which court judgements on insolvency, rehabilitation and enforcement proceedings become final. Such amendments and/or any potential further measures, including any measures related to efforts to alleviate the effect of the COVID-19 pandemic, increasing the protection of debtors and/or impeding us from timely collecting overdue debts or enforce securities which would lead to an increase in the number of NPEs and/or a reduction in the amount of collections on NPEs compared to our plans, resulting in a corresponding increase in provisions, and this may have an adverse effect on the Group's business, results of operations, capital position and financial condition.

We could be subject to additional taxes, including a financial transaction tax.

We are subject to the various tax laws of the jurisdictions in which we operate. Changes in tax laws, including the imposition of new taxes, could adversely affect our tax position, including our effective tax rate or tax payments. The Greek tax system is subject to frequent changes, new taxes/charges may be imposed, such as a "one-off" taxation on profitable companies, and existing taxes may be increased. In the past, we have incurred both recurrent and "one-off" taxes. We are also subject to tax in foreign jurisdictions in which we have operations, the scope of these taxes may be broadened in the future and relevant rates could be increased reducing our profit margins.

We rely on generally available interpretations of applicable tax primary and secondary legislation. There cannot be certainty that the relevant tax authorities are in agreement with our interpretation of such legislation. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not pay or increase the costs of our services to monitor and pay such taxes, which could increase our costs of operations or our effective tax rate and have a negative effect on our business, financial condition and results of operations.

In addition, Greece is one of the eleven EU member states (the "participating Member States") that requested participation in the implementation of a common financial transaction tax (the "FTT"). On 14 February 2013, the European Commission issued proposals on behalf of the participating Member States, including a draft Directive (the "Commission's Proposal"), implementing enhanced cooperation for an FTT. Following the ECOFIN Council meeting of 8 December 2015, Estonia officially announced its withdrawal from the negotiation and, on 16 March 2016, completed the formalities required to cease participation in the enhanced cooperation on an FTT.

The proposed scope of the FTT under the Commission's Proposal is wide. If the Commission's Proposal was adopted in its published form, the FTT would be a tax primarily on certain dealings involving "financial institutions" in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments, including shares).

Even though it is proposed that the FTT is to be introduced only in the participating Member States, under the Commission's Proposal it could impact persons operating inside and outside of the participating Member States. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

The FTT proposal currently remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate and/or certain of the participating Member States may decide to withdraw.

The FTT could be payable by us in connection with transactions forming part of our business, or by investors in connection with relevant transactions in respect of the Ordinary Shares (including secondary transactions), if the FTT is implemented and the conditions for a charge to arise are satisfied.

Prospective holders of the Ordinary Shares are advised to seek their own professional advice in relation to the FTT.

B. RISKS SPECIFIC TO THE MARKETS AND THE NEW SHARES

1.4 Risks relating to the markets

Our share price has been, and may continue to be, volatile.

The market price of our Ordinary Shares has been subject to volatility in the past, and could be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. These factors include, among others, the following:

- the condition and the prospects of the Greek economy;
- political and social instability in the country;
- the perceived stability of the European Monetary Union;
- the economic conditions in the countries where we operate;
- actual or anticipated fluctuations in our operating results;
- the results of operations of our competitors;
- our capital adequacy and the capital adequacy of our competitors;
- potential changes in banking regulatory regimes;
- the condition of the Eurozone countries;
- the potential or actual sales of large amounts of our Ordinary Shares into the market;
- our competitors' market positions;
- changes in financial estimates by equity research analysts;
- conditions and trends in the banking sector in Greece and abroad; and
- the general state of the securities markets (with particular emphasis on the ATHEX and the financial services sector).

The ATHEX is less liquid than other major exchanges.

The trading venue for our Ordinary Shares is the Regulated Securities Market of the ATHEX. The Regulated Securities Market of the ATHEX is less liquid than other major stock markets in Western Europe and the United States. As a result, the holders of our Ordinary Shares may face difficulties engaging in share purchases and sales especially if they wish to engage in large-volume transactions. We cannot make assurances about the future liquidity of the market for our Ordinary Shares.

In 2020, the average daily volume on the ATHEX was €72.8 million compared to €67.4 million in 2019. On 31 December 2020, the total value of all shares listed on the ATHEX amounted to approximately €53,431 million. Our market capitalisation as at 31 December 2020 amounted to €568 million corresponding to approximately 1.1% of the total market capitalisation of all companies listed on the ATHEX. We cannot provide any assurance regarding the future marketability of our Ordinary Shares in the market.

1.5 Risks relating to the New Shares

We may not be able to pay dividends to our shareholders.

If there are no distributable profits or distributable reserves, pursuant to the applicable provisions of law in force from time to time, we are not allowed to pay dividends. We last paid dividends to our ordinary shareholders in 2009 in respect of the 2008 financial year, and we do not expect to pay dividends in the near future. For more information, on generally applicable restrictions under Greek corporate law and other applicable restrictions to profit distributions, including dividend payments in respect of our Ordinary Shares and payments in respect of capital stock of Greek credit institutions, see “*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits, and Losses—Dividends and dividend policy*”.

As at 31 December 2020, we have negative retained earnings (losses) of €11,024 million, which will need to be offset, with profits or other available reserves, prior to our Board of Directors being able to propose to our annual General Meeting of shareholders the declaration of any dividends on our Ordinary Shares.

Moreover, under the HFSF Law, neither Piraeus Holdings nor Piraeus Bank Société Anonyme may distribute more than 35% of their respective net profits, and the HFSF's representative to the Board of Directors of each of Piraeus Holdings and Piraeus Bank Société Anonyme has a right to veto decisions related to the distribution of dividends.

In addition, further to the recent amendments of Law 4261/2014, credit institutions, such as Piraeus Bank Société Anonyme, are no longer required to distribute any such minimum dividend, while any distribution in kind instead of cash, including, as the case may be, a distribution of Additional Tier 1 and Tier 2 capital instruments, will be subject to prior approval by the Bank of Greece. Furthermore, pursuant to the ECB recommendation ECB/2020/62, credit institutions shall exercise extreme prudence when opting for or paying out dividends or performing share buy-backs to remunerate their shareholders. Moreover, under the 2020 SREP Decision, Piraeus Bank Société Anonyme is required to obtain ECB's approval prior to making any distribution to its shareholder, being Piraeus Holdings, and to holders of capital instruments, other than shares, insofar as these qualify as CET 1 or Additional Tier 1 capital instruments, where non-payment does not constitute an event of default. In case that the dividend distribution from Piraeus Bank Société Anonyme is limited or no dividend distribution takes place as per the above, the decision of Piraeus Holdings to distribute dividends to its shareholders as well as the amount of such dividend, if any, could be substantially affected, as Piraeus Holdings is a financial holding company with limited business activity and its ability to distribute profits will mainly depend on the income received from Piraeus Bank Société Anonyme. Currently applicable legislation or legislation that may be enacted in the future, as well as existing and future regulatory recommendations and guidelines, may prohibit us or limit our ability to make profit distributions, including the payment of dividends on our Ordinary Shares in subsequent years.

The New Shares may be subject to the general bail-in tool or the non-viability loss absorption power pursuant to the Greek BRRD Law and can be affected by the implementation of the mandatory burden sharing measures pursuant to the HFSF Law for the provision of extraordinary public financial support pursuant to Article 32, paragraph 3(d)(cc) of Greek BRRD Law, which may result in their write-down or cancellation in full.

According to the Greek BRRD Law, our Ordinary Shares, including the New Shares, and the shares of Piraeus Bank Société Anonyme may be subject to the general bail-in tool, which gives the competent resolution authority the power to write-down certain claims of unsecured creditors, such as shareholders. The bail-in tool may be imposed either as a sole resolution measure or in combination with other resolution tools that may be imposed in case of the resolution of the relevant failing Greek entity and/or if such entity receives state-aid in the form of the Government Financial Support Tool pursuant to Articles 56-58 of the Greek BRRD Law (and, in particular with respect to a credit institution, Article 6b of the HFSF Law). In addition to the above, the Greek BRRD Law also provides for the non-viability loss absorption, power of the competent resolution authority of Articles 59 *et seq.* of the Greek BRRD Law to permanently write down or convert into equity capital instruments issued by the relevant entity, including CET1 instruments (which includes ordinary shares), Additional Tier 1 and Tier 2 capital instruments (each as defined under the CRR) at the point of non-viability of the entity concerned and before any other resolution action is taken, with losses taken in accordance with the priority of claims under normal insolvency proceedings. Holders of Ordinary Shares, including New Shares, may therefore result in losing some or all of their investment, if the value of the Ordinary Shares they hold is written down (up to zero) or cancelled, or if the value of the shares of Piraeus Bank Société Anonyme held by Piraeus Holdings is written down (up to zero) or cancelled.

In case of the HFSF granting extraordinary public financial support of Article 32, paragraph 3(d)(cc) of Greek BRRD Law to Piraeus Bank Société Anonyme, the mandatory burden sharing measures will be imposed by virtue of a Cabinet Act, pursuant to Article 6a of the HFSF Law, on the holders of instruments of capital and other liabilities of the credit institution receiving such support (the "Mandatory Burden Sharing Measures") (see also "*Elements of Regulatory Framework—Recovery and resolution of credit institutions*"). The Mandatory Burden Sharing Measures include the absorption of losses by existing subordinated creditors by the writing down of the nominal value of their claims. Absorption of loss by shareholders of the credit institution, so that the equity position of the credit institution becomes zero, is implemented by way of a resolution of the competent corporate body of the credit institution on the decrease of the nominal value of the shares. In such case, Piraeus Holdings, may result in losing some or all of its investment in Piraeus Bank Société Anonyme pursuant to the application of the Mandatory Burden Sharing Measures.

Based on the above, the exercise of any bail-in tool or the non-viability loss absorption power under the Greek BRRD Law or the implementation of the Mandatory Burden Sharing Measures pursuant to the HFSF Law

(as the case may be) could result to the loss of part or all of your investment. Furthermore, the mere suggestion of the exercise or implementation of such tools or powers, as the case may be, could also materially adversely affect the price or value of our Ordinary Shares, including the New Shares.

The circumstances under which the relevant resolution authority would take any Greek bail-in action pursuant to the Greek BRRD Law or future legislative or regulatory proposals are vague and such uncertainty may adversely affect the value of our Ordinary Shares, including the New Shares.

The conditions for the submission of a credit institution, such as Piraeus Bank Société Anonyme, or its parent entity, such as Piraeus Holdings, to resolution and the respective activation of the relevant powers of the relevant resolution authority, are set in Article 32 and Article 33 of the BRRD and the Greek BRRD Law.

Such conditions include the determination by the relevant resolution authority that (i) the relevant entity is failing or is likely to fail; (ii) no reasonable prospect exists that any of the alternative private sector measures (including the write-down) would prevent the failure; and (iii) a resolution action is necessary in the public interest, whilst the resolution objectives would not be met to the same extent by the winding-up of the relevant entity pursuant to normal insolvency.

Such conditions, however, are not further specified in the applicable law and so their satisfaction is left to the determination and discretion of the relevant resolution authority, although guidelines of the EBA on the circumstances under which an institution shall be considered as “failing or likely to fail” have been published. Such uncertainty may affect the market perception as to whether a credit institution or its parent company meets or not such conditions and as such it may be subjected to resolution tools. This may have a material adverse impact on the value of our Ordinary Shares, including the New Shares.

In addition, if any Greek bail-in action is taken, interested parties, such as creditors or shareholders, may raise legal challenges. Further, any steps, powers or action under the Greek BRRD Law (whether actually, or purported to be, taken or exercised) which are not consistent with BRRD, even if valid under the Greek BRRD Law or other Greek laws, may also be susceptible to challenge. If any litigation takes place in relation to Greek bail-in actions (whether actually, or purported to be, taken) and such actions are declared void or ineffective and additional actions need to be taken, including reversal of any Greek bail-in action that is challenged, this may negatively affect liquidity and valuation, and increase the price volatility of our securities, including the New Shares.

We may in future issue new Ordinary Shares, which may dilute shareholders’ participation.

If a further share capital increase is approved abolishing or restricting the pre-emption rights of existing shareholders, or with respect to a share capital increase with pre-emption rights, the existing shareholders choose not to subscribe for new Ordinary Shares or are unable due to other restrictions to subscribe, the issuance of such Ordinary Shares may be dilutive to shareholders and could have an adverse effect on the market price of our Ordinary Shares.

Application of the current legal framework on deferred tax credits may lead to a significant reduction and/or elimination of our shareholding in Piraeus Bank, and this would have a material adverse effect on the value of the Ordinary Shares, including the New Shares.

Greek law allows for the conversion of certain DTAs into directly enforceable credits against the Greek state. Certain DTAs could be converted into deferred tax credits (“DTCs”) under Article 27A of Law 4172/2013, as currently in force. See also “Trends—Deferred Tax Assets (DTAs) and tax obligations” and “Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Results of operations in the years ended 31 December 2019 and 2020—Income tax expense and deferred tax asset” for a description of the relevant Greek law provisions and DTA and DTC treatment by the Group for a description of the relevant Greek law provisions and DTA and DTC treatment by the Group.

From a regulatory capital perspective, DTAs are typically deducted in the calculation of the Common Equity Tier 1 capital as there is no guarantee that they will be realised, such realisation depending on our future profitability (see “Recoverability of Deferred Tax Asset (DTA)” and Notes 2.4.31, 4.1, 5.17, 14 and 37 to our annual audited consolidated financial statements as at and for the year ended 31 December 2020). However, DTAs that are converted to DTCs would not rely on the future profitability of the Group and therefore receive

different regulatory capital treatment—these are not deducted in the calculation of the Common Equity Tier 1 capital but attract a risk weighting of 100% pursuant to Article 39 of Regulation 2019/876 (“CRR II”). In contrast, DTAs that are not converted to DTCs receive limited regulatory capital recognition. In particular, only DTAs that, *inter alia*, arise from temporary differences (e.g., allowance for credit losses) are recognised. These DTAs, together with significant investments in the common shares of unconsolidated financial institutions (e.g., banks, insurance etc.), have an additional 17.65% capped impact on our Common Equity Tier 1 capital. This threshold is calculated prior to the deduction of such DTAs, and significant investments in the form of common shares, but after application of all other regulatory adjustments applied in the calculation of the Common Equity Tier 1 capital. If the regulations governing the use of DTCs as part of the Group’s regulatory capital change, this will adversely affect the Group’s capital base and consequently its capital ratios.

If the corresponding income tax liability for the year where the loss is recorded is not sufficient to offset the DTCs in full, the remaining non-offsetable DTCs held by the respective bank give rise to a direct refund claim against the Greek state, payable in cash or cash equivalents. In such a case, a special reserve equal to 100% of the above mentioned claim will be created exclusively for a share capital increase and the bank must issue in favour of the Greek state, against no consideration, securities giving the right to acquire ordinary shares (the “Right to Equity Securities”). The Right to Equity Securities entitles the Greek state to acquire ordinary shares of the respective bank of a total market value equal to 100% of the non-offsetable DTCs before set-off against income tax. The exercise of the Right to Equity Securities is effected against no consideration and against the capitalisation of the relevant special reserve created by the respective bank. The Right to Equity Securities may entitle the holder thereof to acquire ordinary shares of the bank at par or above par and are freely transferable. Within a reasonable time after the issuance of the Right to Equity Securities the existing shareholders of the bank have a call option to acquire the Right to Equity Securities *pro rata* to their percentage participation in the share capital of the bank at the time that the Right to Equity Securities were issued. The conversion mechanism (DTA to DTC) is also triggered in case of bankruptcy, resolution, liquidation or special liquidation of the bank, as provided for in applicable Greek or EU legislation, as the latter has been transposed into the Greek legislation.

If a Right to Equity Securities is issued, and the Greek state exercises such Right to Equity Securities in respect of Piraeus Bank, this may result in a significant reduction and/or elimination of our existing shareholding therein, and this would have a material adverse effect on the value of the Ordinary Shares, including the New Shares.

There may be limited liquidity in the Ordinary Shares resulting from the HFSF’s share ownership.

The HFSF is currently the most significant shareholder of Piraeus Holdings. This concentration of ownership, together with uncertainty as to whether market conditions will permit the HFSF to dispose of Ordinary Shares that it holds, may make it difficult for investors to sell or purchase our Ordinary Shares at the price or time of their choice, which may result in investors receiving a lower price, or paying a higher price, for our Ordinary Shares than the price if our Ordinary Shares were more actively traded on the ATHEX. We cannot assure investors that the trading market of our Ordinary Shares will become more liquid in the future, or that the trading volume of our Ordinary Shares will not decrease further in the future.

Moreover, a disposal of Ordinary Shares held by the HFSF may place a significant amount of downward pressure on the market price of our Ordinary Shares and have a material adverse effect on our capacity to raise additional capital. In addition, future issuances of Ordinary Shares may be on a pre-emptive or non-pre-emptive basis. Such uncertainty may, under certain conditions, also place a significant amount of downward pressure on the market price of our Ordinary Shares and have a material adverse effect on our capacity to raise additional capital. Dilution of investors’ shareholding might result from such transactions.

The market price of our Ordinary Shares may be negatively affected by additional sales of Ordinary Shares by current shareholders or shareholders following the Combined Offering.

The market price of our Ordinary Shares may be negatively affected by additional sales of Ordinary Shares following the Combined Offering.

The public trading market price of our Ordinary Shares may decline below the offering price. Should that occur investors will suffer an immediate unrealised loss as a result. We cannot assure investors that, after they subscribe for the New Shares, they shall be entitled to sell them at a price equal to or greater than the offering price. Moreover, until the New Shares are credited with the ATHEXCSD securities accounts designated in the relevant subscription forms upon completion of the Combined Offering, investors will be unable to sell New Shares at all.

The admission to listing and trading of the New Shares on the ATHEX depends on the provision of certain documents by us, including the approval by the Ministry of Development and Investments of an amendment to our Articles of Association reflecting the increase of our share capital, and the review and approval of such documents by the ATHEX. As a result, the admission of the New Shares to listing and trading on the ATHEX may not take place when anticipated.

The sale of a substantial number of the Ordinary Shares in the market before or after the Combined Offering, or the perception that such sales may occur, could negatively affect the market price of the Ordinary Shares.

REGISTRATION DOCUMENT

2. STATUTORY AUDITORS

Our annual audited consolidated financial statements as at and for the year ended 31 December 2020 were prepared in accordance with the International Financial Reporting Standards as adopted by the EU (“IFRS”) and audited by our statutory auditor Mr Dimitris Koutsos-Koutsopoulos (Reg. No. SOEL 26751) of Deloitte Certified Public Accountants S.A. (Reg. No. SOEL E120). Our annual audited consolidated financial statements as at and for the year ended 31 December 2020 were approved by the Board of Directors of Piraeus Holdings on 24 March 2021. The audit report of Deloitte Certified Public Accountants S.A. on these financial statements which form part thereof, and must be read in conjunction therewith, are available on our website ([https://www.piraeusholdings.gr/~media/Com/2020/Files/Investor-Relations/Financials/Financial Statements/2020-Annual-Financial-Report_Holdco_eng.pdf](https://www.piraeusholdings.gr/~media/Com/2020/Files/Investor-Relations/Financials/Financial%20Statements/2020-Annual-Financial-Report_Holdco_eng.pdf)).

3. INFORMATION ABOUT THE ISSUER

Piraeus Holdings was incorporated in Greece as Piraeus Bank Société Anonyme on 6 July 1916 pursuant to the laws of the Hellenic Republic. The ordinary shares of Piraeus Holdings (former Piraeus Bank Société Anonyme) have been listed on the ATHEX since 1918.

On 23 July 2020, the Board of Directors of the former Piraeus Bank Société Anonyme approved the initiation of the demerger of its core operations by way of hive-down and the contribution of its banking activities into a new credit institution, “Piraeus Bank Société Anonyme”, in accordance with the provisions of Article 16 of Law 2515/1997, Article 57, paragraph 3, and Articles 59-74 of Law 4601/2019, as well as Article 145 of Law 4261/2014. On 30 December 2020, the core banking operations of the former Piraeus Bank Société Anonyme were demerged, by way of hive-down, and were contributed into a newly-formed credit institution incorporated under the corporate name “Piraeus Bank Société Anonyme”. The amendment of the Articles of Association (including the change of the corporate name of the former “Piraeus Bank S.A.” to “Piraeus Financial Holdings S.A.”) was approved by virtue of the decision of the Ministry of Development and Investments No. 731/05.01.2021, which has been registered on the same day in the General Commercial Registry (G.E.MI) with Registration Number 2442564.

The Demerger was part of a major transformation designed to achieve:

- the legal separation of the former Piraeus Bank Société Anonyme to allow its management to focus on core banking activities; and
- a significant balance sheet de-risking through the removal of the legacy assets and the reduction of the absolute NPE levels.

Following the Demerger, the former Piraeus Bank Société Anonyme ceased to be a credit institution, retained activities, assets and liabilities not related to core banking activities and changed its corporate name to “Piraeus Financial Holdings S.A.”. Piraeus Financial Holdings S.A. (i) currently holds 100% of the newly-formed credit institution incorporated under the corporate name “Piraeus Bank Société Anonyme” (which substituted the former Piraeus Bank Société Anonyme, by way of universal succession, to all the transferred assets and liabilities of the core banking operations of the former Piraeus Bank Société Anonyme and is currently operating as a credit institution), and (ii) is the direct or indirect ultimate parent holding company for all other companies that, prior to the Demerger, comprised the “Group”.

The duration of Piraeus Financial Holdings S.A., as determined by its Articles of Association, has been extended until 6 July 2099.

Assuming *verbatim* transposition of CRD V into Greek law, Piraeus Holdings, in its capacity as parent financial holding company, will be required to seek approval by ECB and the Bank of Greece in order to act as the financial holding company of Piraeus Bank Société Anonyme. We intend to file an application for the requisite approvals promptly after the enactment of the relevant law, which we expect would be granted subject to the fulfilment of certain operational and organisational requirements as outlined under “*Elements of Regulatory Framework—Prudential supervision of financial holding companies*”.

Piraeus Financial Holdings S.A. (former Piraeus Bank Société Anonyme) with a distinctive title “Piraeus Financial Holdings”, is registered in Greece (General Commercial Registry number 225501000) and has its registered office at 4 Amerikis Street, 105 64 Athens, Greece. Its telephone number is +30 210 333 5000, its website is <https://www.piraeusholdings.gr> and its LEI (Legal Entity Identifier) is M6AD1Y1KW32H8THQ6F76. This website address is included in this Prospectus as an inactive textual reference only. The information and other content appearing on our website are not part of this Prospectus.

As a result of the Demerger, Piraeus Holdings performs functions that are not related to the core banking operations of the former Piraeus Bank Société Anonyme. Piraeus Holdings’ scope of business includes the direct or indirect shareholding in legal and other entities and undertakings, carrying out of insurance intermediation and insurance distribution activities, the provision of insurance and financial advisory services as well as any other similar or related activities. Piraeus Holdings, to that effect, has retained certain of the assets, liabilities and non-banking activities of the former Piraeus Bank Société Anonyme, as well as significant interests in certain securities and certain entities. After the Demerger, the HFSF is entitled to exercise all the special rights it held in the former Piraeus Bank Société Anonyme in both Piraeus Holdings and Piraeus Bank Société Anonyme. For a detailed discussion of the Demerger, please see “*Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Overview—Recent developments—The Demerger*”.

4. GROUP'S BUSINESS OVERVIEW

4.1 Overview

We are a financial holding company listed on the ATHEX and hold 100% of Piraeus Bank Société Anonyme, the largest bank in Greece measured by gross loans as at 31 December 2020, with a 31.3% market share².

Piraeus Bank Société Anonyme is a universal bank, offering a wide range of financial services to retail and corporate clients, including retail banking, corporate and investment banking, small business servicing, e-banking, capital markets and related services, brokerage services, deposits and asset management, personal and private banking, treasury services and other ancillary services, such as real estate services, bancassurance, leasing and factoring.

In Greece, Piraeus Bank Société Anonyme is a leading provider of banking services and credit to retail customers and a leading provider of banking services and credit to corporate clients. In addition, Piraeus Bank Société Anonyme is a leading provider of banking services to the Greek agricultural sector, offering innovative products such as contract farming and facilitating operations subsidised by the EU. The Group is also a leading adviser in capital markets and investment banking and leasing and shipping finance, as well as a market leader in electronic and green banking in Greece.

We serve approximately 5.5 million bank customers (with an average duration of client relationship of approximately 13 years) through a network of 521 branches, comprising 484 branches, 11 light servicing points and 10 e-branches in Greece and 16 branches outside of Greece as at 31 December 2020. In line with our rationalisation plan and our strategy to refocus on our core business, which consists of our retail and commercial banking activities and performing exposures in Greece, we successfully divested all of our international operations (except for a small presence in Ukraine) and reduced our branch network in Greece by 136 branches from 31 December 2017 to 31 December 2020.

In addition, Piraeus Holdings, as the parent company of the Group, holds 100% of the company “Piraeus Agency Solutions Single-Member Société Anonyme for the Provision of Insurance Products” Distribution Services and Financial Services” and the credit institution “JSC Piraeus Bank ICB” incorporated in Ukraine, while it undertakes activities relating to:

- the mediation and distribution of insurance products, the provision of insurance consulting services and insurance indemnities to third parties and companies of the Group, as well as the research, study and analysis of insurance issues,
- the provision of specialised share registry services to domestic and/or foreign legal entities and other entities and companies and
- the provision of financial advisory services.
- In addition, Piraeus Holdings provides other information and investor relations services.

4.2 Our competitive strengths

We believe we have several competitive strengths that allow us to respond to the currently challenging conditions in the market due to the COVID-19 pandemic and will position us to benefit from improved economic conditions in Greece in the future. These strengths include:

A leading position in the Greek banking market with a strong distribution network and client relationships

Our wholly-owned subsidiary, Piraeus Bank Société Anonyme, is a leading bank in Greece as measured by gross loans with a 31.3%³ market share as at 31 December 2020⁴. As at 31 December 2020, according to our internal estimates, we had the largest distribution network in Greece, with 484 branches, serving approximately 5.5 million customers representing 65% of bankable customers in Greece.

² Bank of Greece: <https://www.bankofgreece.gr/enimerosi/grafeio-typoy/anazhthsh-enhmerwsewn/enhmerwseis?announcement=ddc129e9-6b17-4650-beb8-5dd9974fcea>.

³ Bank of Greece: <https://www.bankofgreece.gr/enimerosi/grafeio-typoy/anazhthsh-enhmerwsewn/enhmerwseis?announcement=ddc129e9-6b17-4650-beb8-5dd9974fcea>.

⁴ Bank of Greece: <https://www.bankofgreece.gr/enimerosi/grafeio-typoy/anazhthsh-enhmerwsewn/enhmerwseis?announcement=ddc129e9-6b17-4650-beb8-5dd9974fcea>.

According to our analysis of market data, we estimate that our client satisfaction rate (as measured by the TRI*M index method) at 82, and which, based on our internal sources, we believe it is in the top quartile of European banks. Similarly, our net promoter score (“NPS”) for 2020 stands at 28, comparing favourably to the minus 4 NPS benchmark.

We believe our extensive footprint and strong customer perception allows us to fully cover the Greek domestic market and to compete for deposits and lending opportunities more effectively. Additionally, the registered users to our e-banking platform, *winbank*, which complements our extensive branch network, grew by more than 15% year-over-year in 2020 with a market share of 28% based on internal estimates. In 2020, approximately 95% of all banking transactions were executed via digital channels, partially due to increased demand for digital banking services during the COVID-19 pandemic, but also reflecting an ongoing trend toward increased digitalisation.

In line with our strategy, we disbursed €6.3 billion of new loans and increased our performing loan book by €1.4 billion to €27.1 billion in 2020, while also increasing our deposits portfolio by €2.3 billion to €49.6 billion during the same period.

A leading provider of financial products and services to businesses in Greece

Piraeus Bank Société Anonyme is a leading provider of credit and other banking services to the large corporate, SME and small business customer segments in Greece. The provision of credit and other banking services to these customer segments has consistently been among the areas of principal focus for our commercial banking activities for more than two decades.

In addition to our nationwide branch network, we provide specialised coverage and services to these customer segments with a dedicated network of relationship managers at our 10 specialised business centres (the “Business Centres”) conveniently located across Greece. Our small businesses and professionals unit manages our service offerings to small business customers, along with a network of small business specialists throughout our branches. Our leading market position within these customer segments, which is demonstrated by our 32.6%⁵ market share in corporate loan balances as at 31 December 2020⁶, offers us several competitive advantages, including significant opportunities for cross-selling products and services.

We support businesses operating across a broad spectrum of industries, including manufacturing, craft industry, wholesale and retail trade, transport and logistics, energy, technology, housing and food services. As at 31 December 2020, our gross loans to the large corporate customer segment stood at €12.7 billion, corresponding to a market share of 32.9%⁷. We are also the main bank for a large number of SMEs in Greece, doing business with approximately 80% of all SMEs in the country. As at 31 December 2020, our outstanding loans to approximately 130,000 SMEs stood at €10.1 billion, corresponding to a market share of 30.1%⁸, with loans to small businesses standing at €3.5 billion, corresponding to a market share of 40.5%⁹, according to the Bank of Greece. We have approximately 400,000 clients in Greece within the small business customer segment. Our SME and small business customers, even though adversely impacted by the consequences of the prolonged financial and economic crisis in Greece, have generally shown resilience. We do not have a significant concentration of business loans in any specific industry and our business loan portfolio is geographically diversified across Greece. Additionally, while we have a cross-sale ratio of 4.1 across the large corporate and SME customer segments, we have a higher cross-sale ratio of 5.8 with respect to the small business customer segment, propelled by our strong penetration in this customer segment and the wide spectrum of products we offer.

⁵ Bank of Greece: <https://www.bankofgreece.gr/enimerosi/grafeio-typoy/anazhthsh-enhmerwsewn/enhmerwseis?announcement=ddc129e9-6b17-4650-beb8-5dd9974fcea>.

⁶ Bank of Greece: <https://www.bankofgreece.gr/enimerosi/grafeio-typoy/anazhthsh-enhmerwsewn/enhmerwseis?announcement=ddc129e9-6b17-4650-beb8-5dd9974fcea>.

⁷ Bank of Greece: <https://www.bankofgreece.gr/enimerosi/grafeio-typoy/anazhthsh-enhmerwsewn/enhmerwseis?announcement=ddc129e9-6b17-4650-beb8-5dd9974fcea>.

⁸ Bank of Greece: https://www.bankofgreece.gr/RelatedDocuments/%CE%91%CE%BD%CE%AC%CE%BB%CF%85%CF%83%CE%B7_%CE%A7%CF%81%

⁹ Bank of Greece: https://www.bankofgreece.gr/RelatedDocuments/%CE%91%CE%BD%CE%AC%CE%BB%CF%85%CF%83%CE%B7_%CE%A7%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%BF%CE%B4%CF%8C%CF%84%CE%B7%CF%83%CE%B7%CF%82_%CE%BA%CE%B1%CF%84%CE%BF%CE%AF%CE%BA%CF%89%CE%BD_%CE%B5%CF%83%CF%89%CF%84%CE%B5%CF%81%CE%B9%CE%BA%CE%BF%CF%8D_%CF%80%CE%BB%CE%B7%CE%BD_%CE%9D%CE%A7%CE%99_%CE%B1%CF%80%CF%8C_%CF%84%CE%B1_%CE%B5%CE%B3%CF%87%CF%8E%CF%81%CE%B9%CE%B1_%CE%9D%CE%A7%CE%99.xls.

We believe the grants and loans that will be distributed in Greece through the “Next Generation EU” programme (the “Next Generation EU”) will support the return of the Greek economy to sustainable growth, by enabling the productive reconstruction and expansion of Greek businesses. We expect this recovery of the Greek economy to be driven mainly by businesses, including the agricultural sector, which we believe will place us in a favourable position to benefit from such economic recovery.

A leading provider of financial products and services to the agricultural customer segment in Greece

We also have strong banking relationships with approximately 700,000 agricultural sector customers in Greece. Since 2012, following the acquisition of ATE Bank’s business and pursuant to consecutive international competitions, we have been assigned the Payment and Control Agency for Guidance and Guarantee Community Aid (“OPEKEPE”) seasonal funding facility, a bridge financing facility that provides European Union funds to Greek farmers. Under the OPEKEPE seasonal funding facility, we provided disbursements of €1.5 billion in the last quarter of 2020, which has been fully repaid in the first quarter of 2021. Traditionally the agricultural sector has been an underserved and under-penetrated market in Greece, which we believe offers us opportunities for deposit collections and fee income generation through cross-selling. As at 31 December 2020, loans to the agricultural customer segment stood at €1.4 billion, while deposits from this customer segment, which are mainly low cost, stood at €5.4 billion.

Strategic partnership with Intrum for NPE and real estate management under a 10-year loan and real estate management agreement

Our strategic partnership with Intrum enhances the execution of our de-risking strategy. Key benefits for the Bank include:

- the combination of our loan management platform with Intrum’s best-in-class practices and extensive loan management experience in multiple European jurisdictions;
- the creation of a leading, independent servicer/loan manager in Greece that facilitates NPE transactions, including transactions utilising the flexibility provided by the HAPS scheme. The HAPS scheme, which is intended to support the reduction of non-performing loans held by Greek banks, provides for a state-sponsored asset protection scheme in favour of the senior noteholders under securitisation schemes that satisfy certain requirements, including the transfer of a portion of the securitised notes to third-party investors. The current HAPS scheme expires in April 2021, but it is expected to be extended or replaced with a similar scheme. For additional information on the HAPS schedule, see “*Elements of Regulatory Framework—Securitisations—the Hellenic Asset Protection Scheme (HAPS)*”;
- participation in the enterprise value growth of the new servicer companies via the Bank’s retention of a 20% minority equity participation in Intrum Hellas and Intrum Hellas REO;
- the enhancement of our NPE recovery prospects for the portfolio managed organically; and
- the ability of our management to re-focus on core banking activities, which we believe will lead to improved results for the Group.

Our strategic partnership with Intrum will also assist with the timely execution of the NPE Reduction Plan, including through the participation of Intrum as a mezzanine investor in certain NPE securitisations. For example, we entered into an agreement with Intrum for the sale of 30% of the mezzanine notes in connection with the securitisation of the project Phoenix and project Vega portfolios, as described in greater detail in this Prospectus. See “—*Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan*”.

Track record in building strong strategic partnerships

We have developed key strategic partnerships with prominent international and domestic market participants to support our business growth. Such strategic partnerships allow involved parties to cross-promote, build on each other’s strengths, fill in gaps in areas of growth, share intelligence, attract new customers and expand business offerings to existing customers. These partnerships create a unique combination of strong local expertise in Greece and international know-how and structures, allowing our clients to access global solutions encompassing a complete offering of products and services in the domestic market as well as in international expertise.

For instance, in the bancassurance sector, we have been building multi-year exclusive strategic collaborations with the insurance companies NN Hellas and ERGO Hellas, which provide insurance solutions for the daily needs of our customers. The objective of these partnerships is focused on the continuous development of sales of life, health, pension and general insurance.

Moreover, we are the only commercial bank in Greece that offers to our clients a comprehensive range of gold products and services, namely sales and purchases, appraisals, and storage facilities, as well as the distribution of the gold bullion sovereign coins across Greece through our partnership with The Royal Mint.

Lastly, by combining the strengths of our respective offerings and structures, and our highly complementary business models, we have found in Intrum a long-term partner to boost the efficiency and effectiveness of managing our NPEs, as described above.

Experienced management team and highly qualified personnel

Our management team has significant banking experience with a demonstrated ability in leading the Bank into achieving tangible results in all areas of focus, restoring profitability, strengthening its capital and liquidity position and most importantly de-risking the Bank's balance sheet from the NPEs.

Our management team has demonstrated leadership skills in pursuing and executing strategic initiatives, as well as positioning the Bank as a leader among its competitors in Greece as measured by footprint, loans and deposits. Such leadership skills are exemplified by the successful and timely implementation of our 2015 restructuring plan (the "Restructuring Plan"), which consisted of, among others, the following strategic initiatives, the majority of which were executed from 2017 to 2019, and the implementation of which was a condition of receiving capital support from the HFSF:

- streamlining our branch network and the reduction of our employee base in Greece;
- reducing total operating costs in Greece below €1.1 billion;
- optimising our cost of funding by decreasing the cost of deposits;
- improving our net loans to deposits ratio to less than 115%;
- restricting our equity or subordinated capital support to any foreign subsidiary;
- scaling down the Bank's foreign assets' portfolio; and
- divesting our insurance activities (ATE Insurance and ATE Insurance Romania).

The timely execution of the Restructuring Plan, as attested by the EU commission on 31 January 2020, was coupled with the successful execution of a number of landmark NPE sale transactions of more than €2 billion total gross book value, including project Amoeba in May 2018, the first secured business NPE portfolio sale in Greece of greater than €1.4 billion gross book value (equivalent to €2 billion legal claims), project Arctos in July 2018, an unsecured consumer NPE portfolio sale of €400 million gross book value, and project Nemo in July 2019, a shipping NPE portfolio sale of €500 million gross book value.

The progress achieved by our management team was further evidenced by two successfully completed landmark capital enhancing debt issuance transactions in the international capital markets in 2019 and 2020, commencing with the issue of a €400 million Tier 2 capital instrument in June 2019, the first such issuance by a Greek bank in a decade, and a second €500 million Tier 2 capital issuance in February 2020. The strategic partnership with Intrum was another landmark transaction contributing to the successful furtherance of our strategy.

The successful execution of the complex Demerger process and the effective management of the Contingent Convertible Bonds conversion, both completed during 2020, (as described in greater detail in this Prospectus; see "*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits, and Losses—Recent Developments—The Conversion of the Contingent Convertible Bonds*" and "*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits, and Losses—Recent Developments—The Demerger*"). In addition, the completion of several important components of our Capital Enhancement Plan during the first quarter of 2021 (including (i) the exchange of Greek government bonds ("GGB") held by the Bank for new GGB with an equivalent nominal value maturing in 2050, yielding gains of €221 million; (ii) trading gains realised from interest rate derivatives of €82 million; and (iii) gains of

€85 million from the sale of Italian sovereign bonds with a nominal value of €1,150 million, which were previously included in the debt securities at amortised cost portfolio) serve as further evidence of the execution capabilities of our management team.

As such, we believe our management team has developed the strategic experience in setting targets with significant benefits for the Group and executing projects effectively. In addition to growing our business and leading us through the recent pandemic turmoil, our senior management team has a proven track record of innovation in banking products and services.

Our highly qualified personnel also play a critical role in our business. As at 31 December 2020, the average age of our employees was approximately 45 years. As at 31 December 2020, the percentage of our employees with an undergraduate and/or postgraduate university degree was approximately 76% in Greece. We believe that the quality of our human capital is a key factor in achieving our strategic goals, and we see human resource management as a comprehensive set of actions and operations aimed at acquiring, retaining and utilising skilled employees who successfully and productively fulfil their roles. According to a recent internal survey, we have achieved an 81% employee satisfaction with the Bank's responsiveness to the COVID-19 pandemic.

We are also firmly committed to a diverse and inclusive workforce and to a work environment with equal opportunities for all employees, which creates strong relationships among our employees, based on accountability, meritocracy and transparency, a commitment manifested by the gender split in our employees, which was approximately 58% female and 42% male as at 31 December 2020.

4.3 Our strategy

Our strategic priority is to complete our NPE Reduction Plan, our Capital Enhancement Plan and our Transformation Plan, while maintaining our position as a leading, resilient and socially responsible financial institution, contributing to the development of the Greek economy by financing creditworthy investment plans, providing liquidity to businesses and households, and protecting the savings that our customers have entrusted to us.

Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan

In March 2021, we announced our NPE Reduction Plan and our Capital Enhancement Plan, which we believe will enable us to accelerate our transformation towards a clean, de-risked and highly profitable bank.

NPE Reduction Plan

Our NPE Reduction Plan, which aspires the drastic reduction of our NPE exposure by €19 billion, of which approximately €18 billion is intended to make use of the HAPS schemes, consists of the following individual projects, each of which is currently at a different stage of implementation, and all of which we aim to complete within the next 12 months:

- project Phoenix (an NPE securitisation, comprising mainly denounced loans, utilising the HAPS scheme, with approximately €1.9 billion gross book value): on 23 December 2020, we signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of project Phoenix. We are contemplating to transfer up to 65% of the mezzanine notes and 45% of the junior notes (nominal value of approximately €120 million of the coupon-bearing mezzanine notes and approximately €350 million of the junior notes) to a special purpose vehicle, the shares of which we intend to distribute to our shareholders in the third quarter of 2021; we intend to retain approximately €1 billion of senior securitisation notes under the HAPS scheme on our balance sheet (in line with the rating assigned by the rating agency).
- project Vega (an NPE securitisation, comprising mainly denounced loans, utilising the HAPS scheme, with approximately €4.8 billion gross book value): on 1 March 2021, we signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of project Vega. We are contemplating to transfer up to 65% of the mezzanine notes and 45% of the junior notes (nominal value of approximately €140 million of the coupon-bearing mezzanine notes and approximately €1.5 billion of the junior notes) to a special purpose vehicle, the shares of which we intend to distribute to our shareholders in the third quarter of 2021; we intend to retain approximately €1.4 billion of senior securitisation notes under the HAPS scheme on our balance sheet (in line with the preliminary rating agency rating).

- project Sunrise 1 (an NPE securitisation, comprising mainly denounced loans, intending to utilise the anticipated HAPS scheme extension (“HAPS 2”), with approximately €7.2 billion gross book value): we received a preliminary rating from a rating agency on 24 February 2021; we submitted a HAPS application for the project Sunrise 1 securitisation on 16 March 2021; we intend to retain approximately €2.4 billion of senior securitisation notes under the anticipated HAPS 2 scheme on our balance sheet (in line with the preliminary rating agency rating);
- project Sunrise 2 (an NPE securitisation, comprising mainly forborne loans, intending to utilise the HAPS 2 scheme, with approximately €3.8 billion gross book value): we are finalising the perimeter for the securitisation, preparing a business plan for collections on the portfolio, and engaging rating agencies; we expect to submit the relevant HAPS 2 scheme application for the Sunrise 2 securitisation in the third quarter of 2021;
- project Sunshine (the direct sale of an NPE portfolio, comprising mainly leasing exposures, with approximately €500 million gross book value): we are currently planning to launch the sale process for this portfolio with an estimated completion date in the third quarter of 2021;
- project Dory (the direct sale of an NPE portfolio, comprising mainly shipping loans, with approximately €600 million gross book value): we are currently planning to launch the sale process for this portfolio with an estimated completion date in the fourth quarter of 2021; and
- sales of other individual corporate NPEs (with gross book value of approximately €300 million): we are currently planning to launch the sale process and aim to complete these NPE sales throughout 2021.

We aim to achieve a single-digit NPE ratio in the next 12 months through the implementation of our NPE Reduction Plan, compared to our NPE ratio of 45% as at 31 December 2020. Our NPE Reduction Plan comprises seven individual projects, each of which is currently at a different stage of implementation. After giving effect to the successful completion of our NPE Reduction Plan, the *pro forma* negative impact on our total capital ratio would have been approximately 6.5 percentage points as at 31 December 2020. This would include a negative income statement effect of approximately €4.1 billion and approximately €11 billion of risk-weighted assets relief, taking into account the applicable regulatory adjustments. For further information on the estimated loss from the sale through the securitisation of project Vega and project Phoenix portfolios, see “*Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Corrective Note in accordance with paragraph 2 of Article 23 of Law 3556/2007*”. The estimated capital ratio impact and its aforementioned components are subject to changes related to the determination and valuation of NPE derecognition perimeters, the applicable regulatory adjustments, potential IFRS adjustments and potential associated costs and fees. Our ability to complete these projects is subject to inherent risks, many of which are beyond our control. For further information on the risks associated with the execution of projects Phoenix and Vega, see “*Risk Factors—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”.

The Capital Enhancement Plan

The Capital Enhancement Plan contemplates the completion of a series of concerted and comprehensive capital enhancing actions in 2021, including the Share Capital Increase through the Combined Offering, which are expected to materially strengthen our capital position and improve our capital adequacy ratios. In addition to the Share Capital Increase, we intend to access the international capital markets to issue approximately €600 million of Additional Tier 1 capital instruments. The Additional Tier 1 issuance will further improve our total capital ratio, and enhance the relative structure of our capital position, as the Additional Tier 1 issuance will be used to reduce the quantum of the Bank’s capital requirements that must be fulfilled with CET1 capital. As at 31 December 2020, and after giving *pro forma* effect to the successful completion of the Share Capital Increase (assuming that the final offering price for the New Shares will be the maximum price of the Price Range) and the issuance of €600 million Additional Tier 1 capital, we would have had a phased-in total capital ratio of 20.3% (excluding the impact of our NPE Reduction Plan and other capital dilutive actions). For further information on our capital adequacy ratios, please see “*Information on the Capital of the Group—Capital Management*”. However, our ability to complete these capital enhancing actions is subject to certain risks. For further information, please see “*Risk Factors—Risks relating to our business—We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*”.

Our Capital Enhancement Plan also includes additional non-dilutive capital enhancing measures, some of which were completed and some of which are in an advanced phase, which are expected to result in approximately €1 billion of additional regulatory capital. The additional capital enhancing actions include:

- the monetisation (in part via bond exchange with the Hellenic Republic and in part via open market transactions) of sovereign bond portfolios held at amortised cost, along with other trading activity, which were completed in the first quarter of 2021, and resulted in the realisation of €387 million capital gains;
- the sale of our merchant acquiring business to EFT Services Holding B.V., a subsidiary of Euronet Worldwide, a leading international payment services provider, which, upon completion, is expected to lead to an estimated capital gain of approximately €300 million. We entered into a binding agreement for the sale of this business on 16 March 2021, and subject to customary conditions and approvals, the sale is expected to close during the second half of 2021. As part of this transaction, we will also receive rebates on future net income generated by the merchant acquiring business; and
- the synthetic securitisation of performing SME and corporate loan portfolios through the purchase of synthetic credit protection from private market participants, aiming to achieve total risk-weighted assets relief of approximately €2 billion, and which we estimate will release €300 million of capital. This securitisation is expected to be completed in two transactions. We signed an agreement for the first transaction on 11 March 2021, and we expect to complete this securitisation in the second quarter of 2021, leading to a risk-weighted assets relief of approximately €800 million upon completion. The second transaction is intended to be completed by the end of 2021 and is expected to lead to risk-weighted assets relief of approximately €1.2 billion. The aforementioned transactions do not result in accounting derecognition of the underlying loans; however, the Group is provided with capital relief benefit through decreasing its risk-weighted assets.

The success of our NPE Reduction Plan, Capital Enhancement Plan and Transformation Plan depends on various factors, including factors outside our control, as disclosed elsewhere in this Prospectus. See “*Risk Factors—Risks relating to our business—We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*” and “*—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”.

Enhance our stand-alone pre-provision earnings generation by executing our Transformation Plan

Our Transformation Plan represents our long-term strategy to improve our profitability by focusing on our core commercial banking activities, executing on our business and retail banking growth strategy, increasing efficiency and reducing operating costs throughout our organisation, improving and expanding our digital platform and implementing comprehensive sustainable banking and ESG policies.

We aim to provide new financing to retail and corporate customers, which constitute our core businesses, supporting the anticipated recovery of the Greek economy over the coming years. We expect that one of the key drivers for Greece’s economic recovery will be its allocation of a portion of the €750 billion Next Generation EU funds, granted by the European Union in response to the economic impact of the COVID-19 pandemic. Pursuant to the Next Generation EU plan, €750 billion in the form of grants and loans will be provided to the various member states of the European Union, which will be disbursed between 2021 and 2026. These disbursements will be complemented by an additional approximately €1.1 trillion to be provided to the member states of the European Union under the Multiannual Financial Framework of the European Union for 2021-2027. Of the €750 billion recovery plan, an estimated €32 billion has been allocated to Greece, comprising approximately €19 billion in grants and approximately €13 billion in the form of loans. In total, Greece is expected to receive approximately €80 billion of funding for the period between 2021 to 2027 through the Next Generation EU plan, the National Development Programme, other European funds and the EU common agricultural policy. The Greek economy, strengthened by these EU funds and its reinvigorated banking system, is expected to capitalise on its already positive pre-COVID-19 trend, showing strong growth in the coming years.

Following the implementation of the NPE Reduction Plan and the Capital Enhancement Plan, we will be well-positioned to support this anticipated economic expansion by providing essential leverage to corporate, SME, retail and small business customers. Accordingly, for the period 2021-2024 we aim to disburse

approximately €26 billion of new loans to our customers, of which approximately 75% are intended to be provided to the corporate and SME customer segments and approximately 25% to retail and small business customer segments. This represents a net credit expansion of approximately €10 billion, which we expect will enable us to replenish a large portion of the interest income that we expect to lose as a result of the significant NPE disposals contemplated by our NPE Reduction Plan. We intend to counterbalance the incremental costs associated with the increased debt issuance activity within the MREL framework (as described herein) and the impact from the capital enhancing actions undertaken in 2021 through increased fixed income holdings and further optimisation of deposit pricing.

As part of our business and retail banking growth strategy, we are targeting promising customer segments with significant fee generation potential through a differentiated value proposition and servicing model for each customer segment, simplification and automation of products and services, and enhancement of remote sales. We also aim to benefit from the untapped potential of businesses through the offering of differentiated service levels based on customer value and the provision of a wide array of additional and ancillary services to seize cross-sell opportunities, while also tapping investment banking opportunities, taking advantage of transaction banking opportunities and focusing on sectors with sustainable liquidity and profitability potential, which offer us opportunities to increase our fee income. Our goal is to further increase our lending relationships with SMEs from a market share of 50%¹⁰ to more than 65% in the medium term, to achieve an increase in the volume of digital transactions by approximately 40% and to double our asset management and investment banking fees, on the back of recovering economic, business and M&A activity, accompanied by wealth generation and increased penetration.

With respect to bancassurance, we further plan to leverage our distribution network to capitalise on the opportunities presented in this sector. At the end of December 2020, our total managed portfolio was €330 million, recording an increase of 20% compared to 2019, and contributing 12% to our net commission income. Our key strategic initiatives in bancassurance consist of expanding our bancassurance product portfolio, maximising the utilisation of our sales force and enhancing the capabilities of our remote sales channels, while leveraging our strategic partnerships with NN Hellas and ERGO Hellas in this area. The above actions will enable us to increase our net fee income in the medium term bridging the gap with the European banking sector in terms of net fee income over assets performance.

Through our Transformation Plan, we aim to increase efficiency and simplification throughout our organisation, utilising advanced technology and top-quality human resources. Following a bottom-up approach, we have identified 17 initiative themes, more than 200 projects and more than 100 operational key value drivers, including footprint rightsizing and a revamp of our operational model, enhancing sales capabilities through digital and remote sales, IT transformation, lending processes, redesign, and general and administrative savings.

By executing our Transformation Plan, we aim to reduce operating costs by €120 million in the medium term, increase our focus on revenue generating activities, and enhance productivity by growing volumes and core revenues per full-time equivalent employee. Upon the successful completion of these initiatives, we aim to increase our pre-provision profit to approximately €1.1 billion per annum, representing an approximate 15% increase compared to current levels and our net interest income to €1.3 billion per annum in the medium term. Through the implementation of the Transformation Plan, we also aim to increase our PPI by €150 million, up to a target of €1.1 billion per annum in the medium term. These targets were prepared on the basis of certain assumptions as set forth in “*Profit Forecasts—Management targets—Assumptions*”. For additional information on the preparation and presentation of our financial performance targets and other forward-looking statements that are deemed to be profit forecasts under the Prospectus Regulation, see “*Profit Forecasts*”.

Furthermore, we intend to further improve and expand our digital platform, enhancing the customer experience with digital personalised services, and significantly increasing remote sales in the medium term, becoming more efficient and solutions driven by utilising digital assets and technologies, while also leveraging our extensive physical branch network. The main areas of our focus include the transformation of our physical branch network to accommodate digital tools and experiences, providing customers with a rich portfolio of self-servicing banking services and offering an advisory model that combines best digital experiences, technology and human knowledge, while at the same time leveraging our existing strong partnerships and alliances.

¹⁰ ECB: https://ec.europa.eu/growth/smes/sme-strategy/performance-review_en.

In addition, we aim to implement a number of comprehensive sustainable banking and ESG policies in order to contribute towards long-term economic prosperity that takes into account natural resources, through sustainable banking and ESG practices. We follow a comprehensive strategy that focuses on optimising new opportunities in sustainable financing. The range of opportunities that we will pursue in the medium term are mainly centred around financing and banking in renewable energy, energy saving in buildings, energy storage, net-metering, green transportation and e-vehicles, manufacturing biodegradable products, supporting just transition, as well as advisory for issuance of green bonds, promotion of agriculture and smart farming, green savings accounts, green mortgages, supporting small businesses and professionals' digital transformation, ESG mutual funds and ESG bond issuance. As a member of a core group of the United Nations Environment Programme Finance Initiative (UNEP FI) banks, Piraeus Bank was instrumental in co-developing the Principles for Responsible Banking, while on an EU level we participated in the formation of the Finance for Biodiversity Pledge. Having signed both initiatives, the Bank is now working collectively with signatories on developing methodologies and tools and setting ESG targets aiming, among others, to support sustainable development and the social and cultural capital through donations, grants, sponsorships with social and cultural benefit and aiming at bridging the gap between higher education and the job market.

Our ability to implement these initiatives will be contingent on, among other things, the successful execution of our Capital Enhancement Plan and our NPE Reduction Plan, each of which will be subject to certain risks. See *“Risk Factors—Risks relating to our business— We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan”* and *“—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations”*.

Strengthen our balance sheet and improve our liquidity position, while maintaining loan diversification

Following completion of the Capital Enhancement Plan, we will continue to make further strengthening our balance sheet a strategic priority through:

- maintaining a broad and diversified deposit base;
- sustaining an appropriate funding mix for our operations;
- originating high-quality and diversified assets; and
- after the completion of our NPE Reduction Plan, the effective management of our remaining NPE portfolio, especially through our strategic partnership with Intrum, aiming to achieve and maintain a low single-digit NPE ratio in the medium term.

Having adjusted our operations and policies to the prevailing market conditions, we seek to grow our deposit base at a balanced pace compared to our loan portfolio in the medium term. We are seeking to selectively and cost-efficiently attract new deposits through strategies and tools implementing a tailor-made approach, capitalising on our extensive branch network in Greece (which remains the largest in the country even following our recent rationalisation) and further increase our customer satisfaction rates and individualised service, as well as contribute to the gradual recovery of the Greek economy. During 2020, according to our own estimates, we retained our leading share in the market, attracting 28% of new private sector deposits generated in the system.

We are also seeking to gradually improve our funding and liquidity structure by utilising other sources of funding, such as the international capital markets, where we re-established presence in 2019 and 2020.

We manage our balance sheet both in terms of size and quality, aiming to maintain a flexible asset and liability base. In response to the economic crisis in Greece, we have applied, and continue to apply, more stringent underwriting criteria for loans and advances, including avoiding high-risk clients, engaging in the intensive management of credit exposures, focusing on fully secured, low LTV mortgages and minimising unsecured consumer financing exposures, which is a policy that is supported by the credit culture of our management team, as well as by our advanced and strong risk management systems and controls.

We are committed to maintaining the diversification of our assets both across customer segments and industries. At the Group level, as at 31 December 2020, corporate and public sector loans accounted for 65% of total gross loans, mortgage loans accounted for 27% of total gross loans and consumer, personal and credit cards accounted for 8% of total gross loans. With respect to industry diversification, we lend to manufacturing, retail,

construction, real estate, food service, financial, shipping, energy, transportation, agriculture and other industries from all sectors of the economy. None of these industry groups represented more than 15% of our total loan assets as at 31 December 2020 and only two of the 14 different industry sectors to which we lend represented more than 10% of our total loan assets as at 31 December 2020.

Focus on medium-term financial targets

We set financial aspirations to enable the implementation of our strategy and business plan, in the context of the implementation of our NPE Reduction Plan, Capital Enhancement Plan and Transformation Plan. Our medium-term financial aspirations include:

- an NPE ratio of below 10% in the next 12 months (including the anticipated effect of the COVID-19 pandemic on NPE formation) following the implementation of our NPE Reduction Plan, and lower than 3% in the medium term through further organic and inorganic NPE management actions;
- a net interest margin of at least approximately 1.8% in the medium term, absorbing the impact of the drastic NPE reduction and the impact of the COVID-19 pandemic;
- a net fee margin of approximately 0.6% over assets in the medium term;
- a cost-to-income ratio of below 45% in the medium term, through cost base transformation initiatives and further investments in digitalisation;
- a cost of risk of approximately 60 basis points over our net loans in the medium term, gradually converging to a normalised level that is on par with the EU average, following the implementation of our NPE Reduction Plan;
- a return on average tangible equity of approximately 5% in the short-term and above 10% in the medium term, through business growth, further rationalisation of operating expenses and cost of risk normalisation following the de-risking; and
- a total capital adequacy ratio around or exceeding 16% throughout the short- to medium-term period, while converging to the required level of MREL requirements in the context of our debt issuance plan. Achieving our targeted capital adequacy ratio will depend on the successful and timely completion of our Capital Enhancement Plan, NPE Reduction Plan, as well as other factors, including factors beyond our control, all of which are subject to risks and uncertainties as disclosed elsewhere in this Prospectus. See “*Risk Factors—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”, “*—Risks relating to our business—We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*” and “*—Risks relating to the regulatory framework—The BRRD and the MREL framework may have a material adverse effect on our business, financial condition, and results of operations*”.

The sequential timing of the realisation of the individual actions of the Capital Enhancement Plan, and the individual disposals comprising the NPE Reduction Plan, is designed to ensure that the Bank maintains an adequate capital position throughout the process.

Upon the successful completion of the NPE Reduction Plan and the Capital Enhancement Plan, we expect to significantly decrease NPEs on our balance sheet, while maintaining a satisfactory capital position above applicable capital requirements. We believe that these actions will further facilitate the restoration of investor confidence in the Greek banking system overall, while also enhancing our credibility as a top tier bank among customers and improving our access to the international capital markets. Finally, the successful completion of our NPE Reduction and Capital Enhancement Plans will also enable us to implement our long-term strategy on the basis of a stronger financial and balance sheet positions, which will allow us to capitalise on growth opportunities and provide more effective banking services to households and businesses.

We manage our business through the following operating segments: (i) Retail Banking, which provides services to the mass, affluent, private banking, small business (businesses with annual turnover not exceeding €2.5 million) and public sector customer segments and distribution networks; (ii) Corporate and Investment Banking, which provides services to the large corporate (with annual turnover exceeding €50 million), SME

(with annual turnover between €2.5 million and €50 million), shipping and agricultural customer segments; (iii) Piraeus Financial Markets (“PFM”), which covers fixed income, foreign exchange, treasury and asset management activities and institutional clients; (iv) the NPE Management Unit (“NPEMU”), established in 2019, which manages NPEs assessed as non-core business, irrespectively of whether these exposures are serviced by the Group or third parties and (v) Other, which includes management-related activities not allocated to specific business segments, including, for example, real estate services.

4.4 History and development of our Group

The following list sets forth the most significant events in our history or the history of the Group:

- 1916 • Establishment of Piraeus Bank.
- 1918 • The shares of Piraeus Bank were listed on the ATHEX.
- 1991 • Privatisation of Piraeus Bank.
- 2003 • Merger of (i) ETVA Bank into Piraeus Bank, (ii) Piraeus Investment S.A. into Hellenic Investment Company and (iii) ETVA Leasing into Piraeus Leasing S.A.
- 2005 • Acquisition of 99.7% of Piraeus Eurobank A.D. in Bulgaria (renamed Piraeus Bank Bulgaria A.D.).
- Acquisition of 69.3% of Egyptian Commercial Bank in Egypt (renamed Piraeus Bank Egypt) and shareholding increased in August 2005 to 87.97%.
- 2006 • Merger and operational integration of our branch network in Bulgaria with Piraeus Bank Bulgaria.
- 2007 • Acquisition of International Commerce Bank in Ukraine (renamed JSC Piraeus Bank ICB).
- Acquisition of the branch network of Arab Bank in Cyprus.
- Extension of cooperation agreement with ING for providing life bancassurance services.
- Successful completion of our €1.35 billion share capital increase.
- 2008 • Establishment of Piraeus Bank Cyprus Ltd.
- 2009 • Issuance of redeemable preference shares without voting rights to the Hellenic Republic under Law 3723/2008 for a total amount of €370 million.
- 2010 • Establishment of Pillar II programme of the Hellenic Republic Bank Support Plan (securities issued by the Bank with the guarantee of the Hellenic Republic) under Law 3723/2008.
- 2011 • Successful completion of a share capital increase for €807 million.
- Issuance of additional redeemable preference shares without voting rights to the Hellenic Republic under Law 3723/2008 for a total amount of €380 million.
- 2012 • Participation in the PSI, with the repurchase of all of our Greek government bonds, resulting in an overall impairment recognised in financial year 2011 and amounting to €5.9 billion before taxes.
- Acquisition of certain assets and liabilities of ATEbank.
- Acquisition of Geniki Bank, the Greek subsidiary of Société Générale.
- Capital advance of €6.25 billion by the HFSF and delivery of a commitment statement of €1.1 billion (of which €570 million was related to the ATEbank Acquired Business), in view of its participation in the programme for the capital enhancement of the Bank.
- 2013 • Acquisition of the Greek operations of the Cypriot Banks.
- Acquisition of MBG, the Greek subsidiary of BCP.
- Sale of our shareholdings in ATE Bank Romania S.A. (93.27%) for €10.3 million.
- Acquisition of the custody, settlement and related services in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank and the mutual funds distribution business of Cyprus Popular Bank.
- Successful completion of our recapitalisation through the 2013 share capital increase, completed in July 2013 in the context of the Recapitalisation Plan: we raised €8.4 billion, of which €1.4 billion of private funds, achieving significantly above the 10% minimum requirement of private sector participation (20%) (the “2013 Share Capital Increase”).

- 2014
 - On 18 March 2014, our subsidiary Piraeus Group Finance Plc issued €500 million 5% senior unsecured bonds due 2017 listed on the Luxembourg Stock Exchange.
 - Successful completion of our 2014 share capital increase: we raised €1.75 billion of private funds through contribution in cash, issuance of ordinary registered shares and cancellation of the pre-emption rights of existing shareholders (the “2014 Share Capital Increase”).
 - Redemption of the Hellenic Republic’s preference shares of €750 million with the proceeds of the 2014 Share Capital Increase.
 - Announcement of the sale of ATEbank Insurance S.A. to Ergo Insurance Group, a subsidiary of Munich Re. The transaction was completed in 2016.
 - Merger of Geniki Bank S.A. into the Bank.
- 2015
 - Acquisition of certain assets and liabilities of Panellinia Bank S.A.
 - Agreement between Piraeus Bank and Al Ahli Bank of Kuwait K.S.C.P. for the disposal of our participation (98.5%) in Piraeus Bank Egypt S.A.E., for \$150 million.
 - Successful completion of our 2015 share capital increase: we raised €2,601 billion of private funds and HFSF funds through payment in cash, liabilities’ capitalisation and contribution in kind, issuance of ordinary registered shares and cancellation of the pre-emption rights of existing shareholders (the “2015 Share Capital Increase”).
- 2016
 - Announcement of the sale of shares in our subsidiary in Cyprus, Piraeus Bank Cyprus Ltd.
- 2017
 - Announcement of renewal of the bancassurance agreement with NN Hellas for 10 years with a further five-year extension possibility pursuant to which we continue to offer on an exclusive basis the life and health products of NN Hellas to our customers.
 - Issuance of a five-year €500 million covered bond launched under our €10 billion Covered Bond Programme representing our first covered bond issuance and the first time that supranational financial organisations have invested in covered bonds issued by Greek banks since the beginning of the financial crisis.
 - Announcement of the sale of our subsidiary Olympic Commercial and Tourism Enterprises (Olympic), which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece, which was completed in 2018.
 - Announcement of agreement with J.C. Flowers & Co. for the sale of our entire shareholding stake in Piraeus Bank Romania, our banking subsidiary in Romania which was completed in 2018.
- 2018
 - Membership of the Global Federation of Competitiveness Councils (GFCC), a network of leaders and organisations committed to the implementation of competitiveness strategies to drive innovation, productivity and prosperity.
 - Announcement of the sale of portfolio of non-performing and denounced corporate NPEs secured with real estate collateral with a gross book value of €1.4 billion to Bain Capital Credit LP and portfolio of non-performing and denounced unsecured retail consumer and credit card loans with a gross book value of €400 million to APS Investments S.à r.l.
- 2019
 - Completion of the sale of our 98.8% shareholding in our subsidiary in Albania, Tirana Bank Sh.a. to Balfin Sh.p.k. and Komercijalna BankaAD.
 - Announcement of sale of portfolio of corporate NPEs with a gross book value of €507 million to an entity affiliated with Davidson Kempner Capital Management LP.
 - Announcement of strategic partnership with Intrum Hellas Servicing S.A. for the management of NPEs and REOs pursuant to which we have established a market-leading independent non-performing assets servicing platform in Greece.
 - Announcement of successful completion of book building process for the issuance of €400 million subordinated (Tier 2 capital) notes due 2029 under our €25 billion Euro Medium Term Note Programme.

- 2020 • Announcement of successful completion of book building process for the issuance of €500 million subordinated (Tier 2 capital) notes due 2030 under our €25 billion Euro Medium Term Note Programme.
- Completion of the Demerger.
- 2021 • Conversion of the Contingent Convertible Bonds into Ordinary Shares.

As at 31 December 2020, we had a network of 500 branches (484 in Greece and 15 branches in Ukraine and one branch in Frankfurt), whilst our ATM network consisted of 1,888 ATMs. As at 31 December 2020, our customer deposits amounted to €49.6 billion and loans and advances to customers (net of provisions) at amortised cost were €39.6 billion.

4.5 Business segment analysis

The figures presented in the tables in this Prospectus derive from our annual audited consolidated financial statements as at and for the year ended 31 December 2020 and information provided by Piraeus Holdings. In such instances, the relevant source is explicitly stated. Certain financial and other information presented in this Prospectus has been prepared on the basis of our own internal accounts, statistics and estimates, and has not been subject to any review by our statutory auditors. In such instances, the relevant source is explicitly stated.

We manage our business based on the following business segments:

- **Retail Banking**—This segment includes the retail banking operations of the Group that are addressed to retail customers, as well as small businesses, the public sector core customers and other relevant retail networks (deposits, loans, working capital, imports-exports, letters of guarantee, etc.).
- **Corporate Banking**—This segment includes the corporate banking operations of the Group, addressed to large corporates, shipping, SME and agricultural core customer segments, which are serviced centrally due to their specialised needs (deposits, loans, syndicated loans, project financing, working capital, imports-exports, letters of guarantee, etc.).
- **PFM**—This segment includes activities related to the fixed income, foreign exchange, treasury activities, including the management of the interest rate gap resulting from all banking activities), and institutional clients of the Group.
- **NPEMU**—This segment includes the management of any NPE lending exposures assessed as non-core business, irrespective of whether the said exposures are serviced by the Group or third parties. The accrued fees payable to Intrum for servicing the Group's NPE portfolio are recognised within this reportable segment.
- **Other**—This segment includes other operations of the Group that are not included in the above segments. In particular, it includes all management related activities not allocated to specific customer segments and all funding transactions approved by the Assets/Liabilities Management Committee ("ALCO"). Following the most recent business segment architectural changes, this segment now includes the management of REOs, non-client related equity participations of the Group and international banking.

The following tables present our operating results and other financial information per business segment for the years ended 31 December 2019 and 2020:

Year ended 31 December 2019							
(€ in millions)	Retail Banking	Corporate Banking	PFM	Other business segments	Total	NPEMU	Group
Net interest income	516	422	103	5	1,047	388	1,435
Net fee and commission income	180	120	6	—	305	13	318
Net gain/(losses) from derecognition of financial instruments measured at amortised cost ⁽¹⁾	—	(17)	17	—	—	8	7
Net other income/(expenses)	6	3	46	34	90	324	414
Total Net Income	702	528	172	39	1,442	733	2,174
Total operating expenses before provisions	(467)	(147)	(26)	(217)	(856)	(157)	(1,013)
Profit/(Loss) Before Provisions, Impairment and Income Tax	235	382	147	(178)	586	576	1,161
ECL impairment losses on loans and advances to customers at amortised cost	(76)	(129)	—	(27)	(233)	(477)	(710)
Impairment (losses)/releases on other assets	—	—	—	(62)	(62)	—	(62)
Impairment on debt securities at amortised cost	—	—	(1)	—	(1)	—	(1)
ECL impairment (losses)/releases on financial assets at FVTOCI	—	—	8	—	8	—	8
Impairment on subsidiaries and associates	—	—	—	—	—	—	—
Impairment of property and equipment and intangible assets	—	—	—	(14)	(14)	—	(14)
Other impairment (losses)/releases	—	—	—	—	—	—	—
Other provision charges/releases	—	5	—	(4)	1	—	1
Share of profit/(loss) of associates and joint ventures	—	—	—	5	5	—	5
Profit/(Loss) Before Income Tax	159	258	154	(281)	290	99	389
Income tax benefit/(expense)	—	—	—	—	—	—	(123)
Profit/(Loss) for the year from Continuing Operations	—	—	—	—	—	—	266
Profit/(loss) after income tax from discontinued operations	—	—	—	10	10	—	10
Profit/(Loss) for the year	—	—	—	—	—	—	276
As at 31 December 2019							
Total assets from continuing operations (excluding assets held for sale)	10,099	14,607	7,380	14,213	46,298	14,561	60,860
Total assets from discontinued operations	—	—	—	108	108	—	108
Asset held for sale	—	—	—	—	—	264	264
Total assets	10,099	14,607	7,380	14,321	46,406	14,825	61,231
Total liabilities	34,553	7,892	8,235	2,416	53,095	363	53,458

(1) Net gain/(losses) from derecognition of financial instruments measured at amortised cost in the figures of 2019 has been restated in order to be comparable with the presentation of the figures for 2020.

Year ended 31 December 2020

(€ in millions)	Retail Banking	Corporate Banking	PFM	Other business segments	Total	NPEMU	Group
Net interest income	468	472	146	16	1,102	383	1,486
Net fee and commission income	184	118	5	(1)	306	11	317
Net gain/(losses) from derecognition of financial instruments measured at amortised cost	—	(2)	—	—	(2)	11	9
Net other income/(expenses)	7	4	30	35	75	6	81
Total Net Income	658	592	181	51	1,482	411	1,893
Total operating expenses before provisions	(461)	(140)	(27)	(336)	(964)	(120)	(1,084)
Profit/(Loss) Before Provisions, Impairment and Income Tax	197	451	155	(285)	517	291	809
ECL impairment losses on loans and advances to customers at amortised cost	(86)	(142)	—	(3)	(231)	(874)	(1,104)
Impairment (losses)/releases on other assets	—	—	—	(189)	(189)	—	(189)
Impairment on debt securities at amortised cost	—	—	(12)	—	(12)	—	(12)
ECL impairment (losses)/releases on financial assets at FVTOCI	—	—	(6)	—	(6)	—	(6)
Impairment on subsidiaries and associates	—	—	—	(6)	(6)	—	(6)
Impairment of property and equipment and intangible assets	—	—	—	(4)	(4)	—	(4)
Other impairment (losses)/releases	—	—	—	—	—	—	—
Other provision charges/ releases	—	(3)	—	2	(1)	1	—
Share of profit/(loss) of associates and joint ventures	—	—	—	(16)	(16)	—	(16)
Profit/(Loss) Before Income Tax	111	307	137	(502)	52	(582)	(530)
Income tax benefit/(expense)	—	—	—	—	—	—	(128)
Profit/(Loss) for the year from Continuing Operations	—	—	—	—	—	—	(658)
Profit/(loss) after income tax from discontinued operations	—	—	—	(10)	(10)	—	(10)
Profit/(Loss) for the year	—	—	—	—	—	—	(668)
As at 31 December 2020							
Total assets from continuing operations (excluding assets held for sale)	10,424	16,380	17,855	13,509	58,167	13,115	71,282
Total assets from discontinued operations	—	—	—	112	112	—	112
Asset held for sale	2	—	—	—	2	179	181
Total assets	10,426	16,380	17,855	13,621	58,282	13,294	71,576
Total liabilities	37,364	10,030	12,670	4,037	64,102	321	64,423

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

4.6 Overview of our products, services and activities

We provide a wide variety of banking products and services to retail and corporate customers. We are active in retail banking, corporate banking, shipping, investment banking, e-banking, agricultural and green banking, and provide services in equity brokerage and asset management.

The majority of our banking business is in Greece and includes retail, commercial and investment banking, as well as asset management. Our international banking operations solely include a small banking operation through a local subsidiary in Ukraine and one branch in Frankfurt.

As at 31 December 2020, our Greek operations accounted for 99% of our total assets.

The following table sets out our loans and deposits as at 31 December 2019 and 2020:

(€ in millions)	As at 31 December	
	2019	2020
Loans and advances to customers at amortised cost (gross carrying amount)	50,148	49,528
Due to customers	47,351	49,636

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

As at 31 December 2020, gross loans to our customers decreased by 1.2% to €49.5 billion from €50.1 billion as at 31 December 2019.

As at 31 December 2020, our gross loans and advances to corporates, which comprise large corporate, shipping loans and loans to SMEs and the public sector, amounted to €32,045 million, accounting for 64.7% of the total portfolio, whilst loans to individuals amounted to €17,483 million, or 35.3% of the total portfolio. Our loan to deposit ratio seasonally adjusted as at 31 December 2019 amounted to 79.4%. As at 31 December 2020, our loan-to-deposit ratio reached 76.8% mainly due to the increase in deposits.

Our customer deposits amounted to €49.6 billion as at 31 December 2020, compared to €47.4 billion as at 31 December 2019.

Mortgage loans decreased by 3.37% in the year ended 31 December 2020 and amounted to €13.4 billion (gross) as at 31 December 2020, compared to €13.9 billion as at 31 December 2019.

Our NPE ratio was 45.3% at 31 December 2020 compared to 48.8% as at 31 December 2019. At 31 December 2020, the coverage ratio of NPEs by cumulative provisions (after fair value adjustment) was 44.1% compared to 44.9% as at 31 December 2019.

4.7 Operations in Greece

As at 31 December 2020, Piraeus Bank Société Anonyme was a leading bank in Greece as measured by gross loans with a 31.3%¹¹ market share as at 31 December 2020, according to the Bank of Greece, which are available at the Bank of Greece's website. The table below provides information on our loans, deposits, branches and employees for our operations in Greece as at 31 December 2019 and 2020.

	As at 31 December	
	2019	2020
Loans and advances to customers at amortised cost (gross carrying amount) (€ in millions)	48,947	48,374
Due to customers (€ in millions)	47,099	49,439
Branches	527	484
Employees	11,137	10,008

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Our Greek operations consist of retail banking services, commercial and corporate banking services, investment banking and brokerage related activities, treasury and asset management, and other financial and related services (such as leasing, factoring and real estate management and development). In Greece, Piraeus Bank Société Anonyme is a leading provider of business lending, including banking services and loans to SMEs which have an annual turnover ranging from €2.5 million to €50 million. In addition, Piraeus Bank Société Anonyme is a leading provider of banking services to individuals and a leading adviser in capital markets services and investment banking, financial leasing and shipping finance in Greece. Furthermore, Piraeus Bank Société Anonyme is a leading provider in electronic banking, green banking and agricultural financing through products and services adapted to our customers' needs.

Retail banking

General

We conduct our retail banking activities in Greece through our branch network and our e-branches, as well as through our alternative delivery channels, such as our online banking platform, winbank. Our Retail Banking

¹¹ Bank of Greece: <https://www.bankofgreece.gr/statistika/nomismatikh-kai-trapezikh-statistiki/katatheseis-twn-pistwtikwn-idrymatwn>.

customer segments such as mass retail, affluent banking and small business banking offer a wide range of different types of deposit, credit and investment products, including savings or current accounts, term deposits, investment products, consumer loans and mortgages, credit cards, bancassurance products and insurance brokerage, as well as a wide spectrum of banking services.

Our main distribution channels

As at 31 December 2020, we had a network of 484 branches in Greece. Our Greek branch network covers all of the main urban, suburban and rural areas in Greece. Moreover, our Greek operations have working relationships with more than 900 banks from all over the world, offering services to our customers in domestic and cross-border transactions.

The table below presents the geographical location of our domestic branch network as at 31 December 2020:

<u>Region of Greece</u>	<u>Branches</u>	<u>%</u>
Attica	167	35%
Central Macedonia	80	17%
Peloponnese	30	6%
Western Greece	27	6%
Crete	34	7%
Eastern Macedonia and Thrace	26	5%
Continental Greece	28	6%
Thessaly	26	5%
Southern Aegean Sea	19	4%
Epirus	14	3%
Western Macedonia	12	2%
Ionian Sea	10	2%
Northern Aegean Sea	11	2%
Total	484	100%

Source: unaudited data provided by Piraeus Holdings.

We have the largest ATM network in Greece, with a market share of over 32% as at 31 December 2020. Our ATM network in Greece as at 31 December 2020 consisted of 1,888 ATMs (out of a total of 5,902 ATMs), of which 747 ATMs were located at our branches (on-site ATMs) and 1,141 ATMs were located at other select public and commercial spots (off-site ATMs).

We also have an extensive network of automated service machines (APS), with 538 machines throughout Greece as at 31 December 2020, both for our customer transactions and for use by the general public (for payments of public utility bills, VAT payments, social security contribution payments, purchases of prepaid mobile talk time, purchases of tickets for theatre performances, etc.).

The ATM network (which is accessible to customers through the use of debit cards) is linked to the DIAS Interbank Payment System, through which all of the interbank transactions in relation to retail payments through the Greek banking system including funds transfers, cheque payments, automated interbank transactions through ATMs, payroll and pension payments and others are processed, cleared and settled.

During the last three years, we have been rationalising our branch network in order to reduce costs, in parallel with the effort to centralise our administrative operations. Since 2017, we closed 133 branches. At 31 December 2019, our branch network consisted of 527 branches in Greece. In 2020, our branch network in Greece was reduced by a further 43 branches. As at the Date of this Prospectus, our branch network in Greece consisted of 484 branches.

Retail deposit and investment products

We offer our retail customers a wide range of depositary and investment products in euro and other major foreign currencies. In Greece, our retail deposit balances were increased by €3.4 billion on an annual basis amounting to €42.6 billion as at 31 December 2020 and €39.2 billion as at 31 December 2019. With the above increase, we managed to maintain our share in household balances at levels exceeding 30% and increase our share in businesses to 23%.

Net sales of mutual funds to retail customers as at 31 December 2020 amounted to €200 million and €300 million as at 31 December 2019.

Retail lending

We place particular effort in the enhancement of our mortgage customer services, through a careful analysis of customers in our integrated mortgage portfolio.

At 31 December 2020, our total portfolio of consumer credit products, including mortgages, consumer and personal loans, and credit cards was €17.5 billion or 35.3% of the total loan portfolio. The respective portfolio as at 31 December 2019 amounted to €18.1 billion (representing 36.1% of our gross loan portfolio). In 2020, new lending to individuals increased by €400 million. In 2020, new lending to individuals increased, evidenced by an increase of €200 million in mortgages and €200 million in consumer loans.

The following table presents the value of our portfolio of our retail portfolio as at 31 December 2019 and 2020.

<u>(€ in millions)</u>	<u>As at 31 December</u>	
	<u>2019</u>	<u>2020</u>
Mortgages	13,914	13,445
Consumer/personal loans and other loans	3,372	3,307
Credit cards	816	731
Total	<u>18,103</u>	<u>17,483</u>

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Mortgage lending

We offer a wide range of mortgage products, with floating, fixed or a combination of fixed and floating interest rates to finance the purchase of property, construction, repair, completion or the purchase of land or remortgaging.

As at 31 December 2020, our portfolio of mortgage loans in Greece amounted to €13.4 billion compared to €13.9 billion as at 31 December 2019.

Consumer, personal and other loans and credit cards

We offer a wide range of personal consumer loans and credit cards. Our consumer loan portfolio, as at 31 December 2020 amounted to €4 billion compared to €4.2 billion as at 31 December 2019. We are one of the main card issuers in Greece with approximately 5.3 million cards in circulation as at the end of 2020. During the year 2020, the value of card transactions reached €10.7 billion with 375 million card transactions, recording an annual increase of 13%. The total value of the credit card withdrawals was €12.1 billion with 60 million card transactions.

Our credit card balances amounted to €731 million as at 31 December 2020 compared to €816 million as at 31 December 2019.

We have upgraded our products with contactless transaction technology to enhance our position as a provider of high-tech and innovative products and improve our customers' experience.

Commercial and corporate banking

General

In Greece, we have historically held a strong position in commercial financing and corporate banking. We offer our corporate clients a wide range of products and services, including financial and investment advisory services, deposit accounts, loans (denominated in both euro and other currencies), foreign exchange, insurance products, custody arrangements and trade finance services, leasing and factoring.

Corporate deposits

Corporate deposit balances steadily increased by €13 billion between 31 December 2019 and 31 December 2020. Additionally, in 2020, we held more than 596,000 payroll accounts in both the private and public sectors in Greece.

Corporate lending

Our business financing maintains significant diversity in all sectors of the economy, with an emphasis on SMEs (enterprises with an annual turnover between €2.5 million and €50 million). We offer corporate accounts with overdraft facilities, foreign currency loans, variable rate loans and currency swaps and options for corporate customers.

Our commercial lending is primarily in the form of credit lines, which are generally at variable rates of interest. In addition, we provide letters of credit and guarantees for our clients. We lend to all corporate sectors, with particular emphasis on trade, industry, construction, tourism and shipping.

Total loans and advances to corporates (including large corporates and SMEs) amounted to €30.3 billion as at 31 December 2020 and 2019.

The table below provides information on our total corporate loan portfolio both as at 31 December 2019 and 2020:

<u>(€ in millions)</u>	<u>As at 31 December</u>	
	<u>2019</u>	<u>2020</u>
Large corporate	12,621	12,749
SMEs	17,670	17,572
Total	<u>30,291</u>	<u>30,321</u>

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Large corporate

The scope of our activities includes providing banking services, loans for complex transactions, project finance, real estate finance, and advisory services in connection with debt restructuring and large infrastructure projects (infrastructure advisory).

Our corporate loan portfolio reached €30.3 billion as at 31 December 2020 compared to €30.3 billion as at 31 December 2019, through the provision of direct and indirect financing to corporates and sustainable investment projects. We focused particularly on wholesale and retail trade, the industrial and energy sectors. Our new loans disbursements increased to €2.3 billion in 2020 compared to €1.1 billion in 2019.

Our large corporate unit focuses both on strengthening our existing customer relationships and on further expanding our customer base within all production sectors of the economy, with emphasis on sustainable development, innovation and entrepreneurship.

Loan syndications

The loan syndications unit is one of our central units, which serves the entire syndicated loan portfolio, covering all the business loan units. Loan syndications unit aims to create added value through organising, structuring and monitoring syndicated loans and to act as agent bank. Between 2018 and 2020, we have been assuming the role of lead arranger and agent for corporate syndicated bond loans, structured financing for infrastructure and energy projects, convertible bond loans, debt restructurings and merger and acquisition financing.

As at 31 December 2020, we were involved in 17 syndications for a total amount of €1.2 billion.

Shipping finance

We have historically provided financing for many of the largest Greek shipping companies, including Greek coastal shipping. We provide assistance to our customers in the implementation of their business plans, and we continue to engage in prudent risk management for the benefit of our shareholders and customers. Services provided through shipping finance mostly relate to financing the purchase or building of ships, financing the operating needs of shipping companies and issuing letters of guarantee.

Our loans and advances to shipping companies relate to the financing of vessels with a gross carrying amount of €1.9 billion as at 31 December 2020 compared to €1.8 billion as at 31 December 2019.

SMEs and small businesses

The provision of banking products and services to SMEs (small and medium-sized enterprises with an annual turnover between €2.5 million and €50 million) is the principal focus of our corporate and commercial banking activities. We operate 10 specialist Business Centres that are conveniently located across Greece alongside our branch network, providing specialised products and services to SMEs. Our small business customer segment covers business customers with an annual turnover of less than €2.5 million and business loans of less than €1 million.

Our activities in this market segment offer us opportunities to promote new products and services.

Through the specialised small business customer segment, we have established a presence in the banking market for small businesses and manage a number of development programmes (guaranteed and co-financed).

In 2020, our small business customer segment focused on the expansion of its portfolio which amounted to €3.3 billion compared to €2.6 billion in 2019, providing financing for over 9,500 customers with a particular emphasis on loan provisions to healthy businesses and professionals through the specialised, co-funded programmes of the Hellenic Fund for Entrepreneurship and Development (the “ETEAN”) (in particular, through the actions “Entrepreneurship Fund—Business Restart—intermediate” and “Entrepreneurship Fund II—Business Financing”), thus actively supporting entrepreneurship. Loans disbursed to small businesses through these state sponsored programmes amounted to €400 million for 2020.

Agricultural banking

Piraeus Bank Société Anonyme is a leading bank in the Greek agricultural sector, with a market share of 39.2% in agricultural loans as at the Date of this Prospectus, and has strategically selected an integrated approach in order to support this sector. The broad range of the products offered to farmers include deposit accounts, funding tools to cover farmers’ needs for working capital, purchase of land, equipment and a first residence, as well as insurance product packages which are fully adapted to their needs.

We have been involved in numerous programmes and initiatives providing liquidity and supporting Greek agriculture. Since 2012, following the acquisition of ATE Bank’s business and pursuant to consecutive international competitions, we have been assigned the OPEKEPE seasonal funding facility, a bridge financing facility that provides EU funds to Greek farmers. The OPEKEPE seasonal funding facility is of a seasonal nature and serves as bridge financing, with disbursements occurring every year during the fourth quarter and repayments on the first quarter of the following year. Under the OPEKEPE seasonal funding facility, we provided disbursements of €1.5 billion and €1.5 billion as at 31 December 2019 and 2020, respectively, each of which was repaid in the first quarter of the following year. The disbursement made in 2020 covered subsidies to approximately 700,000 Greek farmers.

Development and sustainable banking

Our development and sustainable banking unit and bank relations (formerly known as “green banking and development programmes”) specialises in sustainable finance. We mainly focus on designing products and services for the financing and support of innovative ideas in the field of development, environmentally and socially responsible planning, and projects providing access to finance to under-privileged groups. The unit also oversees the relationships between the bank and other international or national development agencies such as the Hellenic Development Bank (previously known as ETEAN), the European Investment Bank (the “EIB”), the European Investment Fund (EIF), the Institute for Growth (IfG), the European Bank for Reconstruction and Development (the “EBRD”), the Export Credit Insurance Organisation. These collaborations have provided a wide range of financing tools which facilitate Greek businesses’ access to finance and reinforcement of their financial activity. Additionally, the unit has proceeded with the creation of the first sustainability-linked loans providing a series of incentives for enterprises that incorporate specific ESG goals in their policy and operations. This is an encapsulation of the Bank’s strategy for supporting green investments and financing projects that contribute to the transition to a sustainable economy.

Green business and green banking products

We actively support all of the key sectors of “green entrepreneurship” in response to challenges and requirements relating to climate change. Since 2006, we have offered specially designed “green banking” products to support various areas of the environmental and renewable energy business sectors.

Total funding to individuals and businesses for green products as at 31 December 2020 amounted to €1.5 billion measured at active loan balances. The majority of the loans was allocated to renewable energy sources projects, namely photovoltaic systems installed on rooftops and on land-wind farms, and small hydroelectric power stations and biomass/biogas projects. The funding for individuals stood at €83 million while €1.4 billion was allocated to business finance.

A great portion of the individuals that we serve through our green banking products, participate in the “Energy Saving at Home II” programme, which has been developed by the Ministry of the Environment, Energy and Climate Change for the purposes of offering a set of financial incentives, with co-financing from the European Union, for the implementation of energy efficiency upgrading interventions in residential buildings. We acquired a leading share of 45% in phase A of the above funding programme and held a market share of approximately 42% in loan applications in phase B. In 2020, Piraeus Bank participated in the new programme “Energy efficiency for smart homes” (with a budget of €850 million) obtaining more than 1/3 of the submitted applications.

We were recognised with the silver award in the 2019 “Energy Mastering Awards”. The latter, reward best practices for saving energy costs, saving resources and protecting the environment. In addition, we received a distinction for our overall participation in all pillars of the UN Sustainable Development, being committed to the Principles for Responsible Banking under UNEP FI. Finally, we were honoured with the “2020 Sustainable Company” award, being recognised as one of “The Most Sustainable Companies in Greece in 2020”.

Leasing

Our subsidiary Piraeus Leasing S.A. (“Piraeus Leasing”), a member of the International Finance and Leasing Association (IFLA), engages in financial leasing of immovable property, machinery, professional vehicles and other types of physical assets. In 2020, total profit amounted to €10 million, a decrease of 30% compared to 2019. In particular, new operations amounted to €140 million out of which approximately €72 million were dispersed in 2020.

Total assets under management of Piraeus Leasing as at 31 December 2020 remained stable at the levels of 31 December 2019, amounting to €2 billion.

Factoring

We have been offering factoring services since 1998, including domestic factoring services such as debt collection, management and account monitoring and advancing funds for companies’ outstanding claims. Internationally, we offer export credit, credit risk coverage, monitoring services, management and debt collection services. Factoring services are provided through our wholly-owned subsidiary Piraeus Factoring S.A., which is a member of Factors Chain International and the Hellenic Factors Association, with representation both in the board of directors and its sub-committees.

Total assets of Piraeus Factoring S.A. amounted €398 million to as at 31 December 2020 compared to 31 December 2019, amounting to €352 million. As at 31 December 2020, total factoring financing of Piraeus Factoring S.A. amounted to €2 billion, an increase of 5% compared to 2019.

Industrial zones

Our subsidiary ETVA Industrial Parks S.A. is engaged in the establishment, operation and administration of organised areas for the establishment of businesses (industrial zones), the pursuit of sources of financing and the provision of funds for the creation or improvement of the necessary infrastructure. In 2020, it managed 25 industrial parks in Greece, where approximately 2,200 enterprises were established. Those businesses employed over 30,000 people, with a collective annual turnover of over €9 billion.

ETVA Industrial Parks S.A. aims to capital participation in sustainable, value-added investments that ensure high social and environmental sustainability.

The Greek government owns 35% of the share capital of ETVA Industrial Parks S.A. through the Hellenic Corporation of Assets and Participations S.A.

Investment banking and brokerage related activities

We have a significant presence in the capital markets of Greece and have a large share of the securities underwriting market. We are a leading advisory institution on initial public offerings and among the major underwriters in the Greek market. We offer a wide range of capital markets and advisory and investment services, including corporate finance advisory services, equity and debt financing, stock brokerage, custodian services, wealth management, and consulting services for capital restructuring, company valuation and mergers and acquisitions. We have also developed a strong presence in syndicated loan arrangements and bond issuances and are also active in derivatives transactions in all major international capital markets.

Investment banking activities

We maintained our leading position as an advisor and bookrunner in major privatisation projects, capital markets transactions and mergers and acquisitions. More specifically, in 2020 we acted as financial advisors to the Hellenic Republic Asset Development Fund in numerous major privatisation and concession projects. In addition, we were a leading coordinator participating in all public offerings of Greek corporate bonds listed on the ATHEX. Finally, we provided our advisory services to a number of large corporates in connection with their tender offer on the ATHEX.

Brokerage activities

Piraeus Securities S.A. is our brokerage arm retaining a leading position across the entire spectrum of brokerage services: from equity trading on ATHEX and on all major exchanges worldwide, through offering a complete suite of products and services in cash and derivatives markets, as well as governmental and corporate bonds. Piraeus Securities S.A. sales and trading team provides a leading service to institutional clients. Our equity research department combines an in-depth understanding of companies and global markets. As a founding member of the Athens Derivatives Exchange—ADEX, Piraeus Securities S.A. maintains a leading position in all Greek derivative products.

In 2020, Piraeus Securities S.A. was positioned first in the Greek brokerage market for the second consecutive year, with an 18.85%¹² market share according to the ATHEX.

In 2020, the turnover of Piraeus Securities S.A. amounted to €14.8 million with pre-tax profits of €1.3 million, while its total assets amounted to €139.4 million with its equity amounting to €60.2 million.

Custodian services

We offer a wide spectrum of custodian services to all classes of domestic and international institutional investors, corporate, retail and private clients. Our product offering includes settlement, safekeeping & asset servicing services in Greece, Cyprus and in global markets (through direct connections with ICSDs and global custodians). In addition, we are licenced as general clearing member for local equities and derivatives, XNET markets, and for local energy products. Furthermore, we provide issuer services and underwriting services to listed companies in the ATHEX.

In recent years, we have focused on marketing our custodian services and products, leading to an increase of our institutional client base and the processing of a large number of transactions. We continued to offer and support all of the products available in the Greek capital markets including fixed income, equity and derivatives. We also offered our services to clients internationally, with an increasing balance of portfolios, supporting all types of institutional clients and our international subsidiary bank network. Furthermore, we focus on improvements and automations of applications and processes responding to the growing challenges of the changes in the legal and regulatory framework, offering clients the maximum possible service by adopting innovative and flexible solutions in a risk measurable environment.

¹² ATHEX: <https://www.athexgroup.gr/documents/10180/5761281/%CE%88%CE%BA%CE%B4%CE%BF%CF%83%CE%B7%20%282020-12%29/6008d699-3e4b-4282-a320-f217b19eee2f?version=1.0>

Another international distinction for the custody and securities services of Piraeus Bank, was granted in 2020 by the leading publication Global Custodian, with the global award, “Best in Survey, Emerging Markets”. Piraeus Bank is consistently being ranked amongst highly reputable institutions, for the quality of its service offering in the international custody and securities services arena, in recognition of its expertise and long-lasting relationships with institutional clients across the globe. In this year’s “Leaders in Custody Awards”, Piraeus Bank won the prestigious “Best in Survey, Emerging Markets”, receiving the highest scores in all categories under consideration.

Piraeus Financial Markets

Piraeus Financial Markets (PFM), including our subsidiary Piraeus Asset Management MFMC, is responsible for the efficient management of liquidity, with a view to optimise the funding of our operations, ensuring access to international financial markets, managing positions and risks in the foreign exchange, interest rate and fixed income markets. PFM also serves institutional investors, such as insurance companies and brokerage firms. In addition, PFM develops and promotes investment products and offers asset management tools through mutual funds and discretionary portfolio management.

Our Treasury and Financial Markets segment is active across a broad spectrum of capital markets products and operations, including bonds and securities, interbank placements in the international money and foreign exchange markets and market traded OTC derivatives. Its client base includes institutional investors, large corporations, insurance funds and large private sector investors. In its capacity as primary dealer of the Hellenic Republic, it is also active in the primary and secondary trading of Greek government securities, primarily euro-denominated securities, as well as in the international Eurobond market.

Piraeus Asset Management MFMC (Mutual Funds Management Company), our investment arm, is responsible for the management of mutual funds as well as private and institutional investors’ portfolios. As at 31 December 2020, Piraeus Asset Management managed a total of 30 mutual funds in Greece and abroad, as well as a large number of institutional and private investor portfolios. Total assets under management amounted to €2 billion as at 31 December 2020. Piraeus Asset Management is a member of the Principles for Responsible Investment Initiative, the world’s leading proponent of responsible investment, defining responsible investment as a strategy and practice to incorporate ESG criteria in investment decisions.

Central functions

Electronic banking

Payments to third parties from the Bank’s branches and digital payment channels are an important area of development in terms of partnerships and commission revenues. More specifically, during the year 2020, over 280 businesses were serviced by us through our cooperation with the digital payments platform DIAS. In addition, our easy POINT service which facilitates the payment of utility bills in selected locations observed an upward trajectory in 2020 as demonstrated by the creation of further supporting locations through the banks capitalisation of strategic partnerships with payment institutions and retail chains. The number of transactions increased by 55% in 2020 leading to a corresponding increase of 58% in total value compared to 2019.

In parallel with the traditional bank network and in line with our strategy to innovate in the delivery of our services and points of access for our customers, we offer various e-banking services through winbank, our electronic banking network. Winbank offers a full set of services through four different distribution channels: ATMs, a call centre, mobile phones, and the Internet.

Since 2000, winbank has been a leading electronic banking services in Greece. Its services have received significant awards and distinctions from several agencies over the years.

Mobile banking transactions increased in 2020 by 49% compared to 2019, with a 31% increase in the number of active users of the service in 2020.

We also offer the easypay point service which enables third (alternative service) points (for instance, small retail points) to collect bills for their customers with the security and technological excellence which we provide. Through this service and other innovations offered by our e-channels and branches, we hold a leading position in the payments sector.

At the same time, the services provided were further improved and developed, including the easypay, portal, winbank direct click to chat service and customer protection service. The value of transactions effected through easypay services in 2020 increased by 28% compared to 2019.

The digital transfer rate index on digital service channels increased in 2020 reaching 94%. This index is defined as the percentage of the number of the transactions that were executed through the Bank's digital channels, in terms of the number of the transactions executed by the Bank as a whole.

We have also successfully embarked on the e-branch concept, which is designed to create a welcoming atmosphere coupled with advanced technology, including the landmark feature of a remote video teller being, always with the support of our facilitators standing by to guide and educate our customers. We operated 10 e-branches as at 31 December 2020.

Fund transfers—payment services

Electronic payments increased in 2020 in terms of volume of transactions compared to 2019, which shows a continued increasing preference among our customers for conducting transactions electronically.

Piraeus Bank Société Anonyme was the first bank in Greece to adapt its infrastructure and practices to the EU Payments Services Directive. Moreover, we continued the integration of our subsidiaries into a single payment processing platform relating to the processing of payments, with the aim of creating a common platform available in all geographical locations but which is also adapted to local transactional practices.

We had experienced a heightened demand for issuance of cards and e-banking subscriptions through our winbank platform during 2020. To this end, e-payment transactions increased in 2020 compared to 2019, by 58% in terms of value and by 55% in terms of number of payments.

We are one of the main card issuers in Greece with approximately 5.3 million cards in circulation at the end of 2020. During 2020, the turnover of card purchases amounted to €10.7 billion with 375 million transactions, recording an annual increase of 12%, with the turnover of cash withdrawals through cards amounting to €12.1 billion, with 60 million transactions.

More specifically, we had about 707 thousand credit cards in circulation at the end of 2020. During 2020, the turnover of purchases through credit cards amounted to €1.4 billion with 33 million transactions, with the turnover of cash withdrawals through credit cards to be set at €30 million, with 168 thousand transactions. The loan balances of the credit card of the Bank in Greece amounted to €499 million on 31 December 2020.

4.8 International operations

With respect to our international operations, at the end of 31 December 2018, we had completed our commitments agreed under our Restructuring Plan and among other actions we had divested our international operations and we now focus on our core operations in Greece. Our international exposure is now limited to one branch in Frankfurt and a small presence in Ukraine through a local subsidiary.

In 2018, our two subsidiaries, in Albania (Tirana Bank I.B.C. S.A.) and in Bulgaria (Piraeus Bank Bulgaria AD ("Piraeus Bank Bulgaria")) were classified as discontinued operations (30 June 2018), while on 23 April 2018, the sale of Piraeus Bank Beograd A.D. was completed following the receipt of the necessary regulatory approvals. In addition, the sale of Piraeus Bank Romania was completed on 29 June 2018.

As at 31 December 2020, we operated a network of 500 branches (484 in Greece and 15 branches in Ukraine and one branch in Frankfurt). At the same time our headcount abroad totalled 371 employees.

4.9 Organisational structure

Following the Demerger, Piraeus Holdings became the direct or indirect ultimate parent holding company of all operating subsidiaries in the Group (including Piraeus Bank Société Anonyme, Piraeus Agency Solutions S.A. and JSC Piraeus Bank ICB), while Piraeus Bank Société Anonyme, our wholly-owned subsidiary, became the principal credit institution with responsibility for banking operations in the Group. None of Piraeus Holdings' subsidiaries (other than Piraeus Bank Société Anonyme) represents more than 10% of our equity (assets—liabilities) or 10% of our consolidated results after tax. See Note 24 of our annual audited financial statements for the year ended 31 December 2020 for a list of our subsidiaries and associate companies, which we define as all entities over which our Group exercises control or has significant influence in accordance with IFRS.

4.10 Property and equipment

As at 31 December 2020 the net book value of the Group's property and equipment amounted to €995 million, of which €607 million related to land and buildings.

Non-core assets

Real estate management and development

We engage in real estate development and management activities through Piraeus Real Estate S.A. ("Piraeus Real Estate").

Piraeus Real Estate

Piraeus Real Estate is our principal real estate subsidiary and provides a full range of real estate development project management and administration services, integrated real estate management on behalf of owners and investors, property valuations and investment consulting services to real estate investment companies and funds in Greece and internationally. In 2020, Piraeus Real Estate's total revenues amounted to €10.6 million from operations and €0.2 million from other income of which approximately 53% derived from property appraisals, 34% from sales management and other advisory services, with the remaining revenue attributed to project management and monitoring projects, facility management services (*e.g.*, "City Link" shopping centre in Athens and "Limani" shopping centre in Thessaloniki), project management services and other income. In 2019, Piraeus Real Estate performed the implementation services for the "Energy Efficiency at Household Buildings" programme (a programme developed by the Ministry of the Environment, Energy and Climate Change for the purposes of offering a set of financial incentives, with co-financing from the European Union, for the implementation of energy efficiency upgrading interventions in residential buildings). See also "*—Commercial and corporate banking—Green business and green banking products*".

Additionally, the company provides consulting services and specialised know-how for the development and management of the Group's real estate portfolio.

4.11 Investments

Current Investments

In the period after 31 December 2020 and until the date this Prospectus, we have not undertaken any major investments. In addition, we have not entered into any firm commitments for major investments in the future.

4.12 Employees

On 31 December 2020, our headcount totalled 10,429 employees in the continuing operations, of which 10,008 were employed in Greece and 371 abroad. Our headcount including discontinued operations totalled 11,395 as at 31 December 2020.

As at December 2019, the number of employees from continuing operations was 11,615, of which 11,137 were employed in Greece and 418 abroad.

Among our total employees, 58% are female and 42% male. The average age of our employees is 45 years. The age distribution of employees is a major advantage for us. The age composition favours the introduction and implementation of changes in technology, methods and targets, as 82% of people are up to 50 years old. At the same time, our highly-trained employees provided invaluable support in offering efficient customer guidance and services in the financially critical year that elapsed. The percentage of employees who are holders of university degrees or/and postgraduate titles reaches 76% in Greece, 54% of our employees are occupied in the bank branches and the other 46% in the administration units. At Group level, it is 51% and 49% respectively. We believe that the quality of our human resources is a key factor in achieving our strategic goals, and we see human resource management as a comprehensive set of actions and operations aimed at acquiring, retaining and utilising skilled employees who successfully and productively fulfil their roles. We also seek to emphasise the promotion and enhancement of morality, trust, devotion, team spirit and diversity in the workplace. These values ensure equal opportunities in continuous employee development, as well as non-discriminatory practices in the recruitment process through the implementation of well-defined candidate selection systems.

In July 2019, we announced a voluntary exit scheme for our employees with a total cost of €36 million. In October 2020, we announced a new voluntary exit scheme for targeted groups of our employees. Voluntary exits as at 31 December 2020 reached 8.3% of our workforce. Additional exits from the voluntary exit scheme in 2020 will be gradually effected in 2021, whereas extra initiatives for extra FTE rationalisation will be implemented in 2021. Total cost for the full-time equivalent rationalisation of both 2020 and 2021 amounts €148 million.

We believe that we are in compliance with relevant laws, applicable contractual commitments and collective bargaining agreements. Our senior management meets with the representatives of the trade unions at least once a month and informs them of the activities of the Group, including significant operational changes. All of our employees receive salaries and other benefits in accordance with contractual arrangements and collective bargaining agreements.

4.13 Technology and infrastructures

We place emphasis on optimising internal procedures in order to upgrade the quality and speed of completion of operations, while at the same time minimising operational costs. In the IT sector, emphasis is placed on installing applications that support the increase of the Group's work and the upgrade of infrastructures aiming for the safest and most effective possible operation.

We possess a state-of-the-art Main Data Centre in Athens and a back-up Disaster Data Centre in Thessaloniki (500 km from Athens), which were both built according to international standards and specifications. The Main Data Centre was constructed and has been fully operational since May 2013, while in February 2014 it was certified by Uptime Institute as one of the 120 data centres globally meeting Tier 4 (fault tolerant) standards. Failover to the Disaster Data Centre is highly automated and can be achieved in less than four hours (critical systems in less than 2 hours). Tests are conducted twice a year to verify operational readiness of the disaster site.

The development and improvement of IT systems has always been in the framework of optimising and integrating infrastructures, processes and systems which are required by the continuously changing business and economic environment, with the aim of achieving economies of scale, increased security, functionality, uniform management by the final user and thus, increased competitiveness for the Bank.

In the Main Data Centre in Athens and in the Disaster Data Centre in Thessaloniki, multiple systems have been installed to cover all products, processes and procedures of the bank (ATM switching, internet banking, anti-money laundering AML/WLM, risk management, fraud management, collections, accounting and workflows among others). We use one of the most popular central banking systems in the world ("Equation" by Finastra), which is linked online in real time with a complete range of over 40 peripheral systems and applications. In addition, an internally-developed customer relationship management system has an "updated in real time" 360-degree view of all customers, being the core of all customer-centric activities.

In respect of IT security infrastructure, we have developed an integrated information assets security framework (based on National Institute of Standards and Technology, International Organisation for Standardisation (the "ISO") and Payment Card Industry (the "PCI") standards) as well as a data protection policy. Moreover, we maintain a data governance framework the main scope of which is to optimise data and information quality and security across the Group. We are in compliance with Bank of Greece Governor's Act 2577 and the General Data Protection Regulation.

Piraeus Bank is certified based on the internationally recognised ISO/IEC 27001:2013 and PCI DSS v3.2 standards since 2009. The certifications cover the entire range of security, management and operations of the Group's IT systems as well as the protection of the card holder's data and provide additional levels of assurance and confidence to our customers, shareholders and partners.

An up-to-date multi-protocol label switching (the "MPLS") network covers our telecommunication requirements in Greece. One of the first networks of its kind to be installed in a Greek bank, it links our branches with the data centres via high-speed connections. An Asymmetric Digital Subscriber Line network also exists as back-up support to the MPLS network, and in the event that even this connection is not possible (for example, due to cable outage), a GSM 3G/4G network connection is on standby. To facilitate communication and collaboration between the various headquarter units and the branches, a central state-of-the-art videoconferencing system has been installed backed by cloud-based Cisco WebEx and Microsoft Teams collaboration products.

We have one of the most sophisticated e-banking platforms in Europe, winbank, which was designed and deployed in cooperation with Microsoft and has won multiple international awards and prizes. The platform uniformly supports all our electronic channels, such as internet banking, mobile banking, phone banking, SMS banking, payments and e-commerce, amongst others.

4.14 Tax audits

For the fiscal year of 2019, our tax audit was conducted by Deloitte Certified Public Accountants S.A. and an unqualified Tax Audits Certificate has been issued, while for the fiscal year of 2020, our tax audit is in progress. Regarding the subsidiaries of the Group that are incorporated in Greece and for which management has elected optionally to obtain the Annual Tax Certificate in accordance with Article 65a of Law 4174/2013, the tax audits of these entities for 2019 have been completed and the relevant Tax Audit Certificates have been issued. Notwithstanding the issuance of a Tax Audit Certificate, the tax administration retains the right to proceed with a tax audit, within the applicable statute of limitations in accordance with Article 36 of Law 4174/2013.

Tax authorities have not yet audited all subsidiaries of the Group for all financial years and consequently, their tax positions for those years should not be considered as final.

5. TREND INFORMATION

5.1 Impact of the COVID-19 pandemic

In late 2019, a novel strain of coronavirus, COVID-19, was first detected and in March 2020, the World Health Organisation declared COVID-19 a global pandemic. Since the outbreak of the COVID-19 pandemic, governments of many countries, including Greece, have taken preventative measures in an effort to decrease the pace of its spread. These measures have included mandatory closure of businesses, social distancing requirements and travel restrictions, which have severely diminished the level of economic activity around the world and in Greece, contributed to significant volatility in financial markets and triggered a period of global economic slowdown.

The global outbreak of the COVID-19 pandemic has had, and continues to have, a material impact on our business and the economic environment in which we operate, despite the ongoing efforts for the vaccination programmes. It resulted in the Greek government taking unprecedented steps as of mid-March 2020 to implement a national lockdown, restricting social gatherings and mandating closure of non-essential businesses, in each case, leading to business slowdowns and shutdowns. The business sectors mostly affected by the COVID-19 pandemic were and remain trade, handicraft, manufacturing, transport and supply chain, hotels and food & beverage sectors. Our customers operating in these sectors have been severely affected and thus may need to be offered either targeted liquidity solutions, or further suspension of capital repayments. The COVID-19 outbreak led the Greek government to announce several measures as of mid-March 2020 to alleviate its effects on the Greek economy, and particularly on affected businesses, professionals and employees, some of them in cooperation with EU institutions. The measures, among others, included tax and social insurance cuts or payment postponement for businesses, professionals and employees in sectors that were directly hit by the pandemic, direct compensation payments to affected employees and professionals, various measures for the facilitation of investments, such as loan guarantees and the provision of liquidity to banks in order to facilitate loan granting to businesses.

In March 2020, the HBA announced its support to businesses and individuals (employees, self-employed and sole proprietors) affected by the COVID-19 pandemic. Regarding individuals, the banks offered a suspension of the instalments of their performing loans. Eligible for such suspension were individuals that were also eligible for the €800 state allowance due to COVID-19 pandemic or employed in affected business sectors or owners of SMEs or individuals with a family member affected by COVID-19 pandemic. The suspensions were offered until 31 December 2020. For the affected companies, banks offered a suspension of the payment of the capital instalments of performing loans until 31 December 2020. On 3 December 2020, the HBA announced the decision of its member-banks to extend the existing measures to mitigate the adverse effects of the COVID-19 pandemic in the Greek economy. More specifically, businesses and individuals who had already been included in moratoria for capital or instalment payments, were able to apply until 31 March 2021 for an extension of their instalment suspension programme, provided that their total stay in the programme does not exceed nine months. Furthermore, businesses and individuals with performing loans on 30 September 2020 who had not been included so far in moratoria for capital or instalment payments, were able, if proven to be affected by the crisis resulting from the COVID-19 pandemic, to apply until 31 March 2021 for their inclusion in a relevant programme and for a maximum duration of up to nine months from the date of accession.

In November 2020, new restrictions were introduced to tackle new waves of the pandemic and are continuing in 2021 with their extent and scope remaining uncertain. The second lockdown has been accompanied with an extension of the extraordinary measures to support enterprises and workers. The subsidy of social security contributions for workers on furlough, the freeze on debt repayment and value-added tax tranches, the rent reduction and the special-purpose compensation have been extended into the end of 2020 and the early months of 2021.

According to the Bank of Greece, the outstanding amount of loans up to 31 December 2020, subject to temporary suspension of principal and/or interest repayments amounted to €18.4 billion received instalment suspensions by the Greek banks.

As at 31 December 2020, the total amount of EBA-compliant moratoria, both active and expired as at 31 December 2020, implemented by the Group, amounted to €5.9 billion, whereas at the same date, the active moratoria, half of which will expire within the first half of 2021, stood at €1 billion, the vast majority of which relating to businesses. During the first three months of 2021, our active moratoria slightly increased to €1.2 billion, an increase attributed to the higher utilisation of the extension and suspension privileges extended to businesses and individuals.

Apart from these support measures, we are also actively participating in Greek government aid schemes that enable the granting of guarantees and interest rate subsidies by the Greek state. In addition, we have been allocated €1.6 billion as part of the Hellenic Development Bank programme called “Guarantee Fund for the COVID-19 Pandemic” in order to facilitate SMEs and corporates with their working capital needs. In parallel, we participated with an amount of €0.6 billion in the two-year interest rate subsidy programme sponsored by the Ministry of Development providing new financing to SMEs affected by the COVID-19 pandemic.

In addition to the above, with respect to the programme “Gefyra” sponsored by the Greek Ministry of Finance, for the support of mortgage loan borrowers, approximately 160,000 applications have been submitted. As at 31 December 2020, the applications of our customers satisfying all the eligibility criteria stood at approximately 29,000, of which approximately 90% have been accepted and correspond to an amount of €1.2 billion, of which €0.5 billion also benefit from the public moratoria.

During the year ended 31 December 2020, the COVID-19 pandemic has negatively affected our results with the most significant effect stemming from the estimation of expected credit losses (the “ECL”) on loans and advances to customers at amortised cost.

ECL impairment losses on loans and advances to customers at amortised cost of the Bank for the year ended 31 December 2020 amounted to €1,104 million compared to €710 million for the year ended 31 December 2019. The increase in ECL impairment losses is mainly attributable to the COVID-19 related impairments on loans, debt securities and other financial assets as well as other impairments, which amounted to €695 million.

Except for the aforementioned effect on the ECL impairment losses on loans and advances to customers at amortised cost, the COVID-19 pandemic resulted in the recognition of the followings charges in our income statement for the year ended 31 December 2020: ECL impairment losses of €7 million on debt securities. Consequently, the total impact of the COVID-19 pandemic on our loss before income tax for the year ended 31 December 2020 amounted to €302 million.

The impact of COVID-19 has increased the uncertainty around ECL impairment calculations, and has required management to make additional judgements and accounting estimates that affect the reported amount of assets and liabilities at the reporting date and the reported amount of income and expenses during the reported period. Management also made various judgements to best reflect the range of ECL outcomes. We applied different probability-weighted shocks to annual GDP and other economic variables, in order to address the significant uncertainty over the path of the COVID-19 pandemic, the range and duration of its economic impact.

Our stage allocation model is based on a complete set of quantitative and qualitative criteria and incorporates lifetime expectations on macro-environment and probabilities of default. The aforementioned model structure, which effectively captures expected changes in credit quality without being extremely sensitive to short-term shocks, enabled the use of our staging models with the minimum level of overlays. Considering this, the stage allocation process reflects the effect of the Greek government’s and our programmes to support borrowers with business models that are expected to be sustainable in the longer term and recover after the COVID-19 pandemic. We produce forecasts for the evolution of macroeconomic variables that affect the level of ECL on loans and advances to customers at amortised cost under multiple economic scenarios. When estimating the ECL, we consider three scenarios and each of these are associated with different PDs (Probability of Default) and LGDs (Loss Given Default) (Optimistic-Base-Pessimistic).

As at 31 December 2020, the three aforementioned scenarios and related macroeconomic factors for the loan assessment process were reviewed in light of the economic conditions prevailing at the end of the reporting period. As a consequence of the exceptional circumstances and prevailing significant uncertainties at the reporting date, the weight allocation between the three scenarios was shifted significantly. The Optimistic and Pessimistic scenarios were weighted with a 5% probability each, compared to 20% in 31 December 2019, while a 90% probability weight was assigned to the Base scenario, compared to 60% in 31 December 2019, to best reflect our current sentiment regarding the boundaries of economic outcomes.

The expected real GDP growth rate over the next years, was revised downwards, given that the expected outcome in 2021 will be significantly affected by the recession caused by the COVID-19 pandemic. Although the labour market progressively improved in the recent years, as employment has followed a steady growth path and unemployment continuously dropped, the management’s estimates in regards with unemployment rates for the following years were revised upwards. Despite the fact that actual data for 2018-2019 show a faster than expected recovery in the real estate market, both residential and non-residential price indices follow a lower upward path, affected also by the COVID-19 pandemic recession.

The impact of the COVID-19 pandemic and the measures taken on our business remains uncertain and will ultimately depend on a number of factors that cannot be accurately predicted at this time, including, but not limited to, the seasonality, the duration (including the extent of any resurgence in the future) and severity of the COVID-19 pandemic, the timing of and manner in which containment efforts are reduced or lifted, the timing and ability of vaccination and other treatments to combat COVID-19 pandemic, the duration and magnitude of its impact on unemployment rates and consumer discretionary spending, the effectiveness of the fiscal and regulatory policies aiming at providing liquidity and support to businesses and households, the length of time it takes for demand and pricing to return to pre-COVID-19 pandemic levels and for normal economic and operating conditions to resume, which are all beyond our knowledge and control. Moreover, there are no comparable recent events that provide us with guidance.

5.2 The Greek economy

The vast majority of our business is in Greece. As a result, macroeconomic developments and political conditions in Greece directly and significantly affect our business, results of operations, the quality of our assets and general financial condition.

In 2019, Greece's economy retained its growth momentum, despite domestic challenges and the uncertainty prevailing in the international environment. The country's real GDP grew by 1.9% on a yearly basis, a result particularly attributed to the positive outcome of Greece's exports, investments and final consumption, while improvements in business and consumer confidence steered the revised economic sentiment indicator (the "ESI") 105.6 points (annual average), the highest level since 2007. Nevertheless, in 2020, the real GDP of Greece decreased by 8.2%¹³ compared to 2019, reflecting some impact of the COVID-19 pandemic as a first wave of restrictive measures took effect in mid-March until mid-May 2020 and a second wave in early November 2020, and mainly driven by the decline in exports of services, the decline in tourism and private consumption. At the same time, the ESI decreased sharply, falling to 96.4 points in 2020 (on average) due to the adverse effects of the COVID-19 pandemic. During the period between January and March 2021, the ESI decreased further to 93.2 points (on average) due to the restrictions associated with the second wave of the COVID-19 pandemic.

In 2020, inflation stood at negative 1.2% on an annual basis reflecting, among others, the impact of insufficient demand.

The seasonally adjusted unemployment rate in the period between January and December 2020 stood at 16.5% compared to 17.5% in the same period of 2019. However, the labour market has been affected by the implementation of specific operating rules to companies and measures for the protection of public health.

During the period between January and December 2020, the current account deficit was €11.2 billion compared to the same period in 2019, when the current account deficit stood at €2.7 billion. The deterioration has been driven by lower tourism revenues and transport receipts as a result of the COVID-19 pandemic. Travel receipts in 2020 decreased to €4.3 billion from €18.2 billion in 2019, or 76.5% on year-on-year basis.

For 2021, according to the Draft Budgetary Plan, the primary deficit monitored under enhanced surveillance is expected to reach 1.1% of GDP. The primary balance is forecasted to reach negative 4.4% of GDP in 2020 from a growth rate of 9.5% of GDP in 2019. Furthermore, total debt of the general government is projected to increase from 180.5% of GDP in 2019 to over 207% of GDP in 2020. However, as the emergency fiscal measures taken during the pandemic are expected to be temporary and the economy is projected to start recovering in 2021, the debt-to-GDP ratio is expected to follow a declining trend as from 2021.

The COVID-19 pandemic found the Greek real estate market in a critical period, showing significant recovery signs in the past two years. Commercial property prices—as illustrated by the Bank of Greece's office price index—increased by 4.1% in 2019 and by 2% on an annual basis in the first half of 2020. Residential property prices—the apartment price index of the Bank of Greece—increased by 7.2% in 2019 and by 4.2% in

¹³ ELSTAT:https://www.statistics.gr/en/statistics?p_p_id=documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN&p_p_lifecycle=2&p_p_state=normal&p_p_mode=view&p_p_cacheability=cacheLevelPage&p_p_col_id=column2&p_p_col_count=4&p_p_col_pos=1&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_javax.faces.resource=document&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_in=downloadResources&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_documentID=436070&_documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKKo4lN_locale=en

2020. At the same time, net foreign direct investment in Greece in real estate reached €592 million in the first nine months of 2020, against €1.4 billion in 2019. Unless otherwise indicated, all macroeconomic information mentioned above is according to the Bank of Greece and the ELSTAT.

In 2020, Moody's, S&P and Fitch gradually upgraded the Greek sovereign rating to "Ba3" (stable outlook), "BB-" (stable outlook) and "BB" (stable outlook), respectively.

In 2019, Greece recovered its access to international debt markets with three successful new GGB issuances, while in 2020 five more issuances of such bonds were completed. On 13 January 2021, the Greek government and the Bank proceeded with a GGB exchange that included existing sovereign bonds held by the Bank, with a nominal value of €2.8 billion, with a new GGB of equivalent nominal value maturing in 2050. The exchange took place at market terms and was settled on 20 January 2021. The Group's gain from the aforementioned exchange amounted to €221 million.

In the framework of the 21 July 2020 European Summit decisions, regarding the funds of the Next Generation EU and the Multiannual Financial Framework (the "MFF"), Greece is entitled from the Next Generation EU grants of approximately €19 billion and loans of approximately €13 billion. In addition, Greece is expected to receive around €38 billion from the MFF 2021-2027, through actions of the common agricultural policy and the medium-term development program.

Overall, during the period between 2021 and 2027, European funds of around €70 billion will be utilised in order to address the consequences of the pandemic and promote the development of the Greek economy.

For 2020, the measures aimed to support the Greek economy are estimated to amount to €23.9 billion in total. The economic support measures, according to the Budgetary Report, include €11.6 billion fiscal measures, €1.6 billion deferrals and €10.7 billion liquidity enhancement (including the estimated leverage from the banking system). The Greek economy is expected to show strong growth in the coming years fuelled by the EU funds. According to European Commission's estimates, the Greek economy will recover with a 4.8% growth of real GDP in 2021. Greece's economic recovery in 2021 is largely dependent on the restoration of tourism activity and the utilisation of the funds channelled through the Next Generation EU. The economic recovery, which is expected to begin gradually from the second quarter of 2021 and accelerate going forward, will be a key driver of our operating performance in 2021 and beyond, through a combination of sustainable credit expansion, attraction of deposits, increased fee and commission generation, and the improvement of customer creditworthiness.

The challenging economic conditions in Greece in recent years have affected our results of operations. In particular, borrowers have experienced increased difficulty in repaying loans, resulting in higher levels of NPEs (see *"Risk Factors—Risks relating to our business—NPEs and past due loans have had and may continue to have a material and adverse effect to our financial position, capital adequacy and operating results"*) and declining values of the collateral that we take (see *"Risk Factors—Risks relating to our business—Deteriorating asset valuations resulting from poor market conditions, particularly in relation to developments in the real estate markets, may adversely affect our future earnings and capital adequacy"*). As a result, macroeconomic developments and political conditions in Greece directly and significantly affect our business, results of operations, the quality of our assets and general financial condition.

5.3 Asset quality and NPEs

Our consolidated NPE ratio decreased to 48.8% as at 31 December 2019 and to 45.3% as at 31 December 2020. Total ECL allowance as at 31 December 2020 amounted to 20% of our total loans and 44.1% of our NPEs. As at 31 December 2020, we had a total loan book collateral coverage ratio of 58.4%, total business loan book collateral coverage of 53.1% and an LTV of 96.7% with respect to our mortgage loan portfolio.

In order to facilitate our NPE reduction strategy, we have entered into the Intrum Transaction.

Despite our accelerated efforts and our NPE reduction strategy, our NPEs remain high across most business segments and we continue to experience NPE inflows. In particular, our gross NPE inflows amounted to €1.4 billion in 2020 and are expected to reach approximately €1.7 billion in 2021.

In the context of our NPE Reduction Plan, two inorganic NPE reduction transactions have already been announced and are expected to be completed in the third quarter of 2021: project "Vega", corresponding to a gross book value of €4.8 billion and project "Phoenix", corresponding to a gross book value of €1.9 billion. We have applied for both projects to be included in the currently applicable HAPS scheme. The application related to

the provision of a guarantee by the Greek state on the senior notes of approximately €1.4 billion for project Vega and €1 billion for project Phoenix. On 23 December 2020, we signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of project Phoenix. On 1 March 2021, we signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of project Vega. The next steps for these transactions involve the formation of a special purpose vehicle and the contemplated transfer of up to 65% of the mezzanine notes and 45% of the junior notes to such entity, the distribution of the shares of such special purpose vehicle to our shareholders and obtaining the requisite shareholders' approvals. Such partial distribution of the mezzanine and junior notes and the subsequent derecognition of the loans is expected to follow in the third quarter of 2021, subject to applicable customary regulatory approvals, the most important of which are the significant risk transfer approval to be granted by the SSM and the granting of the Greek state guarantee under the HAPS scheme. After giving effect to the completion of projects Phoenix and Vega, our *pro forma* NPE ratio would have reduced to approximately 35% from 45%, while the NPE coverage ratio would have improved to 47% from 44% as at 31 December 2020. The expected negative capital impact of projects Phoenix and Vega would have been 2.5 percentage points over our total capital ratio as at 31 December 2020. For further information on the estimated loss from the sale through the securitisation of project Vega and project Phoenix portfolios, see “*Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Corrective Note in accordance with paragraph 2 of Article 23 of Law 3556/2007*”. Our ability to complete these projects is subject to inherent risks, many of which are beyond our control. For further information on the risks associated with the execution of projects Phoenix and Vega, see “*Risk Factors—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”. For additional information on project Phoenix and project Vega, please see “*Group’s Business Overview—Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan*”).

In preparation of the NPE Reduction Plan, we have engaged in preparations for the execution of the additional envisaged NPE sales, which comprise two additional HAPS securitisations, certain outright NPE portfolio sales, and the sale of individual corporate non-performing exposures. For the first of the two additional HAPS securitisations (project Sunrise 1), we have engaged a rating agency (as required under the HAPS scheme framework) and received a preliminary rating for the senior tranche of the securitisation, in view of the anticipated entry into force of the HAPS2 scheme and on the assumption that its terms will be similar to the HAPS scheme. For project Sunrise 2 we have determined the perimeter for the securitisation. For the outright portfolio sales (project Dory and project Sunshine), we are currently planning to launch the sale processes, with an estimated completion date for both projects within the next twelve months. The envisaged additional outright NPE portfolios and individual corporate NPEs sales will amount to approximately €1.5 billion.

After giving effect to the successful completion of our NPE Reduction Plan, the *pro forma* negative impact on our total capital ratio would have been approximately 6.5 percentage points as at 31 December 2020. This would include a negative income statement effect of approximately €4.1 billion and approximately €11 billion of risk-weighted assets relief, taking into account the applicable regulatory adjustments. For further information on the estimated loss from the sale through the securitisation of project Vega and project Phoenix portfolios, see “*Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Corrective Note in accordance with paragraph 2 of Article 23 of Law 3556/2007*”. The above estimated capital ratio impact and its aforementioned components are subject to changes related to the determination and valuation of NPE derecognition perimeters, the applicable regulatory adjustments, potential IFRS adjustments and potential associated costs and fees.

In light of our NPE exposure as at 31 March 2018, and pursuant to the 2020 SREP Decision, the ECB recommended that Piraeus Bank Société Anonyme achieve (i) for secured NPEs older than seven years, a 40% coverage by year-end 2020, with a linear adjustment path to full coverage by year-end 2026, and (ii) for unsecured NPEs older than 2 years, a 50% coverage by year-end 2020, with a linear adjustment path to full coverage by year-end 2025. Pursuant to the same decision, Piraeus Bank Société Anonyme submitted an update of its three-year strategic and operational plan to the ECB on 31 March 2021, to address its NPE levels and foreclosed assets in the period from 31 December 2020 to 31 December 2023, as well as a qualitative strategy documentation outlining the core aspects of such plan, which include clear quantitative targets to reduce its NPEs and foreclosed assets, both gross and net of provisions. The updated three-year strategic and operational plan incorporates the aforementioned NPE disposal projects which we have announced as part of our NPE Reduction Plan with the aspiration to achieve a single digit NPE ratio in the next 12 months. (see also “*Group’s Business Overview—Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan*”).

In addition to the introduction of more flexibility on capital buffers that the SSM announced, on 20 March 2020 the supervisor introduced some flexibility on provisioning and NPE formation, in the form of flexibility regarding the classification of debtors as unlikely-to-pay when banks call on public guarantees granted in the context of COVID-19 pandemic, preferential prudential treatment in terms of supervisory expectations about provisioning when loans under public guarantees become NPEs, and the supervisor deploying flexibility when discussing with banks the implementation of NPE reduction strategies. Finally, the ECB recommended that all banks avoid procyclical assumptions in their models to determine provisions, in order to avoid short term spikes in loan loss provisions and risk weighted asset inflation just deriving from IFRS 9 models, and banks that have already done this so far, should opt for IFRS 9 transitional rules.

Notwithstanding the progress achieved towards the completion of our NPE Reduction Plan to date, the execution of each of the NPE reduction projects will be complex and entail certain operational and execution risks (see also *“Risk factors—Risk factors relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations”*).

While our strategy through the engagement of an independent servicer (via the Intrum Transaction) aims to enhance our NPE recovery prospects, such strategy entails certain operational and high execution risks. The Bank’s ability to realise the expected synergies and other benefits and achieve an improvement on the NPE recovery process may be affected by a number of factors, including implementing appropriate financial incentives, proper co-ordination of the management and/or disposal of NPEs, rigorous application of credit standards, avoidance of capital-diluting write-offs and other actions, as well as the ability to share information and render IT systems compatible with the operations of the independent servicer, all of which may materially and adversely affect our financial condition, capital adequacy and operating results.

5.4 Deposit levels and funding costs

We use both customer deposits and wholesale funding sources to finance our assets. As at 31 December 2019 and 2020, our total deposits amounted to €47.4 billion and €49.6 billion, respectively, representing an increase of 6% and 5% for each of 2019 and 2020, respectively, compared to the previous year reflecting the recovery of economic activity and the boost of business and consumer confidence, as well as the increase in revenues of the households. Such period on period increases in deposits have improved our liquidity, in line with the positive trend in the Greek banking system. As at 31 December 2019 and 2020, our ratio of loans to deposits was 79.4% and 76.8%, respectively (excluding the effect of the OPEKEPE seasonal funding facility).

Domestic market deposits¹⁴ reached €174 billion as at 31 December 2020, from €159 billion as at 31 December 2019, an increase of 9%. The increase in deposits in the Greek banking sector has decreased the loan-to-deposit ratio of Greek banks, including ours. As a result, the cost of domestic deposits has decreased, offsetting the impact from the deleveraging to the net interest income of Greek banks, including ours.

The cost of deposits has fallen significantly in Greece following the pan-European trend. The interest rate on new term deposits in Greece¹⁵ was 0.2% in December 2020, compared to 0.4% in December 2019. Our average cost of term deposits decreased by 0.3% in the fourth quarter of 2020 to 0.2%, compared to 0.5% during the respective period of the previous year. The resulting decrease in our deposit costs led to an ensuing reduction of our deposit expenses by €95 million or 52% in 2020 compared to 2019, thus supporting our net interest income.

Although the economic crisis in Greece in the years between 2009 and 2016 affected adversely our credit risk profile, restricting our access to the international capital markets, increasing the cost of funding and resulting in the need for additional collateral requirements in customer repurchase contracts and other secured funding arrangements, including those with the Eurosystem, following improvement in the general economic conditions in Greece since 2017 and before the outbreak of the COVID-19 pandemic, we have gradually been able to reduce our reliance on funding from the Eurosystem over the past three years. Therefore, as a result of normalising funding conditions, since 2017, there has been a downward trend in Eurosystem support to the Greek banking system, which amounted to €7.7 billion as at 31 December 2019. In its March and June 2019 meetings, the ECB

¹⁴ Bank of Greece: https://www.bankofgreece.gr/RelatedDocuments/%CE%9A%CE%B1%CF%84%CE%B1%CE%B8%CE%AD%CF%83%CE%B5%CE%B9%CF%82_%CF%84%CE%BF%CE%BC%CE%AD%CE%B1.xls.

¹⁵ Bank of Greece: https://www.bankofgreece.gr/RelatedDocuments/%CE%95%CF%80%CE%B9%CF%84%CF%8C%CE%BA%CE%B9%CE%B1_%CE%A0%CE%99%CE%9D%CE%91%CE%9A%CE%91%CE%A3_1_%CE%BA%CE%B1%CE%B9_1%CE%B1.xls.

announced a series of seven quarterly ECB targeted longer-term refinancing operations (the “TLTRO III”) auctions from September 2019 to March 2021, each with a maturity of two years and specific terms. On 12 March 2020 and 30 April 2020, as a response to the effects of the COVID-19 pandemic on the European economy, the ECB announced the easing of the conditions regarding longer-term refinancing operations, in order to facilitate such use by credit institutions. Following these developments, funding from the Eurosystem¹⁶ increased during 2020 because of the TLTRO III facility utilisation, and reached €41.2 billion as at 31 December 2020.

Our ECB funding increased to €11 billion as at 31 December 2020, compared to €350 million as at 31 December 2019, consisting of the TLTRO III long-term funding. We have not relied on funding provided by the emergency liquidity assistance (the “ELA”) since July 2018.

Greek banks have since 2019 regained access, after a long period, to the international unsecured debt capital markets, with the issuance of our €400 million and €500 million Tier 2 notes in June 2019 and February 2020, respectively by the National Bank of Greece S.A. and Alpha Bank S.A. and a senior green bond by the National Bank of Greece in October 2020, which were all well received by international investors, as evidenced by the total amount of orders placed.

In 2020, the Bank issued €500 million Tier 2 notes to institutional investors at an annual fixed interest rate of 5.50% for the first five years and a one-time reset at the prevailing year mid swap rate, plus 577.4 basis points, thereafter. Since 2019, the Bank has issued €900 million fixed rate subordinated Tier 2 notes enhancing its capital adequacy and increasing its cost of wholesale funding to €71 million compared to €27 million in 2019.

Our deposits slightly increased during the first three months of 2021, despite the seasonal factors. For 2021, the trend in deposits is expected to remain positive, driven by the anticipated economic recovery, the restoration of the tourism activity and the expected inflows from the European Resilience and Recovery Fund. As to deposit costs, our effort will continue towards their further reduction. However, we do not expect significant further savings. On the other hand, our wholesale funding costs are expected to increase on the back of increased debt issuance activity within the MREL context.

5.5 Income

Our net interest income amounted to €1.5 billion in 2020, which amounted to an increase of 3.5% compared to 2019. This increase was largely attributed to supportive funding costs, the significant containment of deposit costs and the utilisation of the TLTRO III facility, which outweighed the cost of Tier 2 debt servicing. Additionally, new loans disbursed in 2019 and 2020, as well as the increased fixed income holdings, contributed to the increase of our net interest income in 2020. During 2020, we disbursed €6.3 billion of new loans, following €4 billion of new loan generation in 2019. The impact from loan portfolio de-risking and mild yield compression was reflected in our loan interest income, with new loan disbursements coming at a lower rate, *i.e.* 3.6%, compared to the respective figure in 2019, *i.e.* 4.7%. Our securities portfolio increased by more than €10 billion in 2020 compared to 2019, on the back of increased fixed income holdings resulting from the lifting of the 2015 ECB’s upper limits on our exposure to Greek state’s default risk.

Despite the outbreak of the COVID-19 pandemic, our net fee and commission income remained resilient in 2020 and amounted to €317 million, compared to €318 million in 2019. Despite the adverse economic conditions, this positive outcome is largely attributed to our bancassurance, asset management and investment banking activities.

Our other income amounted to €90 million in 2020 compared to €421 million in 2019, mainly due to the €351 million gain from the Intrum Transaction in the fourth quarter of 2019.

Our total net income for 2020 amounted to €1.9 billion from € 2.2 billion in 2019, a decrease of 12.9%. Excluding the one-off gain of €351 million from the Intrum Transaction in 2019, net income in 2020 increased by 3.8%. As a result of the above performance, financial indicators remained resilient in 2020. Net interest margin in 2020 stood at 2.2% compared to 2.3% in 2019, while net fee income over assets remained stable at 0.5%.

¹⁶ Bank of Greece: https://www.bankofgreece.gr/RelatedDocuments/%CE%A3%CF%85%CE%B3%CE%BA%CE%B5%CE%BD%CF%84%CF%81%CF%89%CF%84%CE%B9%CE%BA%CE%AE_%CE%9B%CE%BF%CE%B3%CE%B9%CF%83%CF%84%CE%B9%CE%BA%CE%AE_%CE%9A%CE%B1%CF%84%CE%AC%CF%83%CF%84%CE%B1%CF%83%CE%B7_%CE%BB%CE%BF%CE%B9%CF%80%CF%8E%CE%BD_%CE%9D%CE%A7%CE%99.xls

During the first quarter of 2021, we realised significant trading income gains amounting to €387 million, as a result of the exchange of GGB held by the Bank for GGB with an equivalent nominal value maturing in 2050, yielding gains of €221 million; trading gains realised from interest rate derivatives of €82 million; and gains of €85 million from the sale of Italian sovereign bonds with a nominal value of €1,150 million, which were previously included in the debt securities portfolio at amortised cost.

For the period from 2021 to 2024, we aim to achieve a net credit expansion of approximately €10 billion, of which €1 billion is anticipated to be generated in 2021, and which we expect will enable us to replenish a large portion of the interest income that we expect to lose as a result of the significant NPE disposals contemplated by our NPE Reduction Plan. We intend to counterbalance the incremental costs associated with the increased debt issuance activity within the MREL framework and the impact from the capital enhancing actions undertaken in 2021 through increased fixed income holdings and further optimisation of deposit pricing. Our net fee income is expected to satisfactorily increase in 2021, as the economic activity is expected to rebound and propelled by the restoration of tourism. Furthermore, additional relevant gains are expected from entering customer segments with significant fee generation, providing a differentiated value proposition, offering a servicing model tailor-made for each customer segment, enhancing simplification and expanding automation of products and services, and enhancement of our remote sales.

5.6 Operating cost control initiatives

Our results of operations have been positively affected, and we expect will continue to be affected, by our operating cost control initiatives across our operations, subsidiaries and activities. We believe that costs can be reduced, in particular, through the restructuring of our branch network and by improving its efficiency.

Within the framework of branch network rationalisation in Greece and cost synergies, we closed 26 and 43 branches in Greece during the years ended 31 December 2019 and 2020, respectively. We have also sought to optimise the number of our employees in 2019 and 2020, with a total of 1,002 and 1,129 employee departures in 2019 and 2020, respectively. To that end, we completed two voluntary exit schemes for eligible employees in Greece, in which 338 eligible employees participated in 2019 and 865 eligible employees participated in 2020, while the scheme remains open for participation in 2021. As at 31 December 2020, the resulting cost related to the voluntary exit scheme is €148 million compared to €36 million as at 31 December 2019. In this context, our operating expenses before provisions increased by 7% in 2020 on a yearly basis and by 13% in 2019.

Our general and administrative costs increased in 2020 because of the fees paid to the NPE servicer compared to 3.5-month accrual of the respective costs in 2019. Excluding the above fees, our general and administrative costs decreased by 4% in 2020.

Our overall efforts to control our operating costs has been one of our responses to the challenging economic environment. We have implemented and continue to implement several cost-reduction initiatives involving improvement in operating practices across the Group, including: headcount reduction by not replacing retiring or departing employees and the filling of vacancies with existing employees (internal transfers); cost reduction through efficient subcontracting and supply arrangements; a general reduction in general and administrative expenses, including rental expenses; centralisation of various activities (such as back office operations) and further automation and digitalisation of our operations and services.

To that extent, we have concluded the design phase of our Transformation Plan in July 2020, which we will be implementing over the next three to five years, building on our progress in the years 2018-2020 and our insight derived from our response to the COVID-19 pandemic. With our Transformation Plan we are aiming to realise further operating expense savings of approximately €120 million annually in the medium term. For more information on the Transformation Plan, please see “*Group’s Business Overview—Our strategy—Enhance our stand-alone pre-provision earnings generation by executing our Transformation Plan*”. For additional information on the preparation and presentation of our financial performance targets and other forward-looking statements that are deemed to be profit forecasts under the Prospectus Regulation, see “*Profit Forecasts*”.

5.7 Deferred Tax Assets (DTAs) and tax obligations

DTAs are recognised on deductible temporary differences between the carrying amounts of assets or liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. The carrying amount of DTAs is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Our management evaluates the recoverability of the Group’s DTA at each reporting period.

The recognition of a DTA relies on our management's assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. In the absence of a history of taxable profits, the most significant judgements relate to expected future profitability and to the applicability of tax planning strategies. The aforementioned assessment is performed by applying either the prevailing tax legislation related to offsetting of tax losses carried forward with profits generated in future periods (*e.g.*, five years), or Article 27A of Law 4172/2013, as currently in force, which allows credit institutions, under certain conditions, to convert DTAs arising from (i) the restructuring of the Greek public debt held by private investors between February and April 2012 commonly referred to as the "Private Sector Involvement" (the "PSI") losses; (ii) accumulated provisions for credit losses recognised as at 30 June 2015; (iii) losses from final write-off or the disposal of loans; and (iv) accounting write-offs, which will ultimately lead to final write offs and losses from disposals, to a receivable (tax credit) from the Greek state. See Note 5.17 of our annual audited consolidated financial statements for the year ended 31 December 2020 for more information on the items to which our DTAs and deferred tax liabilities are attributable.

We offset DTAs against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled. Specifically, DTAs and deferred tax liabilities are offset only on a legal entity basis if, and only if, the Group's fully consolidated companies have a legally enforceable right to set off current tax assets against current tax liabilities and if the DTAs and the deferred tax liabilities relate to income taxes levied by the same fiscal authority. See Note 37 of our audited consolidated financial statements for the year ended 31 December 2020 for our accounting policy on DTAs.

Our Group DTAs were €6,337 million as at 31 December 2020, of which €1.2 billion were related to the impairment on Greek government bonds following the PSI and €5.2 billion are related to temporary differences between the IFRS carrying amount and tax base, mainly of loans and advances to customers. As at 31 December 2020, our DTCs amounted to €3.7 billion. As at 31 December 2020 the Group has not recognised a DTA on tax losses carried forward amounting to €591 million compared to €276 million as at 31 December 2019.

Other taxation considerations that may affect our results of operations in the future may relate to the introduction of new tax obligations or changes to the existing tax obligations of our Group. In the past, we have incurred both recurrent and "one-off" taxes. Furthermore, Greece is one of the eleven participating member states that requested participation in the implementation of an FTT.

Further to the above trends and financial information post 31 December 2020, there is no other significant change in our financial performance of the Group since 31 December 2020 to the Date of the Prospectus.

Other than the information disclosed in this section, there are not any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our prospects for the current financial year.

6. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS, AND LOSSES

The following discussion should be read in conjunction with the annual audited financial statements and the notes thereto incorporated by reference in this Prospectus (see "Documents Available"). Our annual audited consolidated financial statements and notes thereto included in this Prospectus as at and for the year ended 31 December 2020 were prepared in accordance with IFRS and audited by Deloitte Certified Public Accountants S.A. The consolidated financial information of the former Piraeus Bank Société Anonyme as at and for the year ended 31 December 2019 is derived from the comparative columns of the annual audited consolidated financial statements of Piraeus Holdings as at and for the year ended 31 December 2020. The annual audited consolidated financial statements and notes thereto as at and for the year ended 31 December 2020 have been incorporated by reference to our annual financial report of 2020, available at Piraeus Holdings' website and form part of this Prospectus. Certain financial information for the year ended 31 December 2019, which is derived from the comparative columns in our annual audited consolidated financial statements as at and for the year ended 31 December 2020, have been restated in order to be presented on a comparable basis with financial information for the year ended 31 December 2020. The difference between the originally reported and restated amounts are not material and, where applicable, we have indicated that such financial information has been aligned with the restated presentation in our annual audited consolidated financial statements as at and for the year ended 31 December 2020. Our annual audited consolidated financial statements as at and for the year ended 31 December 2020 were approved by the Board of Directors of Piraeus Holdings on 24 March 2021. Our annual audited consolidated financial statements as at and for the year ended 31 December 2020 including the auditor's report are available at the following link: https://www.piraeusholdings.gr/~media/Com/2020/Files/Investor-Relations/Financials/Financial Statements/Statements/2020-Annual-Financial-Report_Holdco_eng.pdf.

6.1 Presentation of financial and other information

Certain financial and other information presented in this Prospectus has been prepared on the basis of our own internal accounts, statistics and estimates, and has not been subject to any review by our statutory auditors. In such instances, the relevant source is explicitly stated.

The figures presented in the tables in this Prospectus derive from our annual audited consolidated financial statements as at and for the year ended 31 December 2020 and information provided by Piraeus Holdings. In such instances, the relevant source is explicitly stated.

Certain special terms used in the banking industry are defined in the glossary of technical terms. See "Glossary".

Certain monetary amounts and other figures included in this Prospectus have been subject to rounding adjustments. Accordingly, any discrepancies in any tables between the totals and the sums of the amounts listed are due to rounding.

In accordance with IFRS 8, the Bank's five main business segments are presented and reported separately: Retail Banking, Corporate Banking, PFM, NPEMU and Other segments. Income and expenses directly associated with each segment are included in determining business segment performance. Intra-segment revenue and costs are eliminated at the consolidated level. The Retail Banking segment includes the retail banking operations of the Bank, such as deposits, loans, working capital, trade financing facilities, letters of guarantee and other similar services provided to retail and small business customers.

The loan-to-deposit ratio, the net interest margin, the cost of risk ratio and the net fee income over assets ratio presented in this Prospectus as at 31 December 2019 and 2020 are presented without giving effect to the OPEKEPE seasonal funding facility, which refers to the €1,548 million and €1,516 million bridge loan facilities that were provided to the OPEKEPE in 2019 and 2020, respectively, and repaid in 2020 and 2021, respectively.

For the purposes of the following disclosure in this Prospectus, gross carrying amount is defined as the amortised cost before adjusting for any loss allowance grossed up with the unamortised purchase price allocation adjustment as of the reporting date (the "PPA adjustment") amounting to €1,673 million for 2019 and €1,426 million for 2020. Similarly, the ECL allowance for impairment losses presented herein includes the PPA adjustment amounting to €1,673 million for 2019 and €1,426 million for 2020.

6.2 Corrective Note in accordance with paragraph 2 of Article 23 of Law 3556/2007

On 16 April 2021, following the letter of the Hellenic Capital Market Commission dated 16 April 2021 with regard to the review of our annual financial report for the year ended 31 December 2020, we announced to investors the following supplementary information in relation to our annual audited consolidated financial statements as at and for the year ended 31 December 2020.

On Note 4.1 “*Critical judgements in applying the Group’s accounting policies*”, we clarified that the total book value of investment properties that are not individually significant, as defined by the Group, *i.e.* those with a carrying amount lower than €5 million, and for which their fair value has been assessed on a collective basis by internal fair value specialists, is €0.6 billion.

With regard to Note 4.2 “*Key sources of estimation uncertainty*”, we noted that the estimated loss from the sale through the securitisation of project Vega and project Phoenix portfolios, provided that all conditions precedent included in the binding agreements signed between the Group and Intrum are fulfilled, and all required approvals are obtained, amounts to approximately €1.6 billion. The said loss has been determined based on: (i) the value of the senior and subordinated notes held by the Group amounting to €2.4 billion, as disclosed in Note 3 and Note 32; (ii) the carrying amount of the portfolios as of 31 December 2020, amounting to €3.8 billion as disclosed in Note 4.2 and Note 21; and (iii) the cash of the special purpose vehicles and transaction costs. The risk-weighted asset relief for the Group following the sale of the aforementioned portfolios is expected to amount to approximately €3.6 billion. The combined impact on the Group’s capital adequacy ratio is estimated at 2.5 percentage points and has already been disclosed to the investment community through the presentation of our Sunrise Plan made on 16 March 2021¹⁷.

In reference to Note 50 “*Events subsequent to the end of the reporting period*” we provided the following additional information about our Sunrise Plan. The latter, which was approved by our Board of Directors, is a holistic strategic plan comprising three pillars, which are all intricately linked and inter-dependent. Our plan of accelerating the NPE reduction rate refers only to one out of the three pillars of the Sunrise Plan; as such, both the possibility of occurrence as well as the scope of the plan’s implementation, depend on a series of individual actions related to the smooth and successful completion of the other two pillars, namely: (i) the successful outcome of the envisaged capital enhancement actions including, *inter alia*, the contemplated share capital increase and the successful subscription of the Additional Tier 1 capital instruments, and (ii) the successful and timely completion of our Transformation Plan which aims, among others, to enhance our pre-provision income by implementing a series of revenue strengthening and operating cost reduction actions improving our efficiency and operations.

Provided that all the envisaged actions and assumptions made in the context of setting out our three-pillar plan eventually occur without material deviations compared to those initially planned, the preliminary assessment of the NPE Reduction Plan’s impact ignoring any favourable effects from the other two pillars and excluding the Phoenix and Vega portfolios, is a loss of approximately €2.4 billion, while the estimated relief of risk-weighted assets for the Group approximates €7.4 billion. The consequent impact on the Group’s capital adequacy ratio is estimated at 4.1 percentage points and has already been disclosed to the investment community through the presentation of our Sunrise Plan made on 16 March 2021¹⁸. The aforementioned estimates will be revised and finalised after the completion of the respective transactions, the final determination of price considerations and the calculation of the transaction costs.

¹⁷ Piraeus Holdings: <https://www.piraeusholdings.gr/en/investors/financials/financial-results-categories>, page 47 of presentation “Piraeus Financial Holdings, 2020 Financial Results & Strategy Update.”

¹⁸ Piraeus Holdings: <https://www.piraeusholdings.gr/en/investors/financials/financial-results-categories>, page 47 of the presentation “Piraeus Financial Holdings, 2020 Financial Results & Strategy Update.”

6.2 Financials

Consolidated income statement

(€ in millions)	Year ended 31 December	
	2019	2020
Interest and similar income	1,855	1,825
Interest expense and similar charges	(420)	(339)
Net Interest Income	1,435	1,486
Fee and commission income	417	408
Fee and commission expense	(99)	(91)
Net Fee and Commission Income	318	317
Dividend income	2	3
Net gain/(losses) from financial instruments measured at fair value through profit or loss ("FVTPL")	13	36
Net gain/(losses) from financial instruments measured at fair value through other comprehensive income ("FVTOCI")	5	2
Net gain/(losses) from derecognition of financial instruments measured at amortised cost	7	9
Net gain/(losses) from disposals of subsidiaries/associates and businesses	345	(3)
Net other income/(expenses)	48	43
Total Net Income	2,174	1,893
Staff costs	(504)	(571)
Administrative expenses	(387)	(407)
Depreciation and amortisation	(123)	(115)
Net gain/(losses) from sale of property and equipment and intangible assets	1	8
Total Operating Expenses Before Provisions	(1,013)	(1,084)
Profit Before Provisions, Impairment and Income Tax	1,161	809
ECL impairment losses on loans and advances to customers at amortised cost	(710)	(1,104)
Impairment (losses)/releases on other assets	(62)	(189)
ECL impairment (losses)/releases on financial assets at FVTOCI	8	(6)
Impairment on subsidiaries and associates	—	(6)
Impairment of property and equipment and intangible assets	(14)	(4)
Other provision releases/(charges)	1	—
Impairment on debt securities at amortised cost	(1)	(12)
Share of profit of associates and joint ventures	5	(16)
Profit/(Loss) Before Income Tax	389	(530)
Income tax benefit/(expense)	(123)	(128)
Profit/(Loss) for the year from Continuing Operations	266	(658)
Discontinued Operations:		
Profit/(loss) after income tax from discontinued operations	10	(10)
Profit/(Loss) for the year	276	(668)
From Continuing Operations:		
Profit/(loss) attributable to equity holders of the parent	270	(652)
Non-controlling interest	(4)	(6)
From Discontinued Operations:		
Profit/(loss) attributable to equity holders of the parent	10	(10)
Non-controlling interest	0	—
Earnings/(Losses) Per Share Attributable to Equity Holders of the Parent (in euros)		
(before the Reverse Split):		
From Continuing operations:		
Basic	0.62	(1.49)
Diluted	0.32	(1.49)
From Discontinued operations:		
Basic	0.02	(0.02)
Diluted	0.01	(0.02)
Total		

(€ in millions)	Year ended 31 December	
	2019	2020
Basic	0.64	(1.51)
Diluted	0.33	(1.51)
Earnings/(Losses) Per Share Attributable to Equity Holders of the Parent (in euros) (adjusted for the Reverse Split):		
From Continuing operations⁽¹⁾:		
Basic	10.21	(24.65)
Diluted	5.36	(24.65)
From Discontinued operations:		
Basic	0.38	(0.38)
Diluted	0.20	(0.38)
Total		
Basic	10.59	(25.03)
Diluted	5.56	(25.03)

(1) Earnings/(Losses) Per Share Attributable to Equity Holders of the parent (in euros) represents unaudited figures adjusted for the Reverse Split, as approved by our General Meeting of 7 April 2021. For the calculation of the basic earnings/(losses) per share, the weighted-average number of ordinary shares in issue, taking into account the Reverse Split, amounted to 26,451,538 shares as at 31 December 2019 and 26,452,581 shares as at 31 December 2020. For the calculation of diluted earnings/(losses) per share, the potential dilutive ordinary shares from Contingent Convertible Bonds, taking into account the Reverse Split, amounted to 23,903,030 shares as at 31 December 2019.

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Consolidated statement of comprehensive income

(€ in millions)	As at 31 December	
	2019	2020
CONTINUING OPERATIONS		
Profit for the Period (A)	266	(658)
Other Comprehensive Income, Net of Tax		
Items that may be reclassified subsequently to profit or loss		
Change in reserve from debt securities measured at FVTOCI	115	74
Change in currency translation reserve	9	(5)
Items that will not be reclassified subsequently to profit or loss		
Change in reserve from equity instruments measured at FVTOCI	30	(12)
Change in reserve of actuarial gains/(losses)	(6)	(6)
Other Comprehensive Income/(Expense), Net of Tax (B)	148	51
Other Comprehensive Income/(Expense), Net of Tax (A)+(B)	414	(607)
Attributable to equity holders of the parent	418	(601)
Non-controlling interest	(4)	(6)
DISCONTINUED OPERATIONS		
Profit/(Loss) for the Period (C)	10	(10)
Other Comprehensive Income, Net of Tax		
Items that may be reclassified subsequently to profit or loss		
Change in reserve from debt securities measured at FVTOCI	(4)	—
Change in currency translation reserve	(4)	—
Items that will not be reclassified subsequently to profit or loss		
Change in reserve from equity instruments measured at FVTOCI	(1)	—
Change in reserve of actuarial gains/(losses)	—	—
Other Comprehensive Income/(Expense), Net of Tax (D)	(9)	—
Total Comprehensive Income/(Expense), Net of Tax (C)+(D)	—	(10)
Attributable to equity holders of the parent	—	(10)
Non-controlling interest	—	—

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Consolidated statement of financial position

<u>(€ in millions)</u>	<u>As at 31 December</u>	
	<u>2019</u>	<u>2020</u>
ASSETS		
Cash and balances with central banks	3,349	8,903
Due from banks	1,307	1,258
Financial assets at fair value through profit or loss	663	353
Financial assets mandatorily measured at FVTPL	131	146
Derivative financial instruments	479	507
Reverse repos with customers	38	8
Loans and advances to customers at amortised cost	39,162	39,624
Loans and advances to customers mandatorily measured at FVTPL	51	50
Financial assets measured at FVTOCI	1,647	2,898
Debt securities at amortised cost	1,121	4,964
Assets held for sale	264	181
Investment property	1,112	1,119
Investments in associated undertakings and joint ventures	264	268
Property and equipment	1,044	995
Intangible assets	287	280
Current tax assets	206	176
Deferred tax assets	6,478	6,337
Other assets	3,521	3,395
Assets from discontinued operations	108	112
Total Assets	61,231	71,576
LIABILITIES		
Due to banks	3,296	11,376
Due to customers	47,351	49,636
Liabilities at FVTPL	—	—
Derivative financial instruments	482	460
Debt securities in issue	481	471
Other borrowed funds	414	933
Current income tax liabilities	9	3
Deferred tax liabilities	32	31
Retirement and termination benefit obligations	130	143
Provisions	173	202
Other liabilities	1,071	1,136
Liabilities from discontinued operations	19	31
Total Liabilities	53,458	64,423
EQUITY		
Share capital (ordinary shares)	2,620	2,620
Share premium	13,075	13,075
Contingent convertible bonds	2,040	2,040
Less: Treasury shares	(1)	(1)
Other reserves and retained earnings	(10,075)	(10,687)
Capital and Reserves Attributable to Equity Holders of the Parent	7,659	7,047
Non-controlling interest	115	106
Total Equity	7,773	7,153
Total Liabilities and Equity	61,231	71,576

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Cash flows statement

Consolidated Statement of Cash Flows (€ in millions)	Year ended 31 December	
	2019 ⁽¹⁾	2020
Cash Flows From Operating Activities		
Profit/(loss) before income tax	393	(540)
Adjustments to Profit/(Loss) Before Income Tax		
Add: provisions and impairment	784	1,323
Add: depreciation and amortisation charge	130	118
Add: retirement benefits and cost of voluntary exit scheme	46	152
Net (gain)/losses from financial instruments measured at FVTPL	7	15
Net (gain)/losses from financial instruments measured at FVTOCI	(5)	(2)
(Gains)/losses from investing activities	(356)	14
Accrued interest from investing and financing activities	(14)	26
Cash flows from operating activities before changes in operating assets and liabilities	984	1,107
<i>Changes in operating assets and liabilities:</i>		
Net (increase)/decrease in cash and balances with central banks	1	—
Net (increase)/decrease in financial instruments measured at FVTPL	(291)	244
Net (increase)/decrease in financial assets mandatorily measured at FVTPL	(30)	(18)
Net (increase)/decrease in debt securities at amortised cost	(913)	(3,855)
Net (increase)/decrease in amounts due from banks	(236)	22
Net (increase)/decrease in loans and advances to customers	(323)	(1,361)
Net (increase)/decrease in reverse repos with customers	66	31
Net (increase)/decrease in other assets	(104)	(78)
Net increase/(decrease) in amounts due to banks	(2,331)	8,080
Net increase/(decrease) in liabilities measured at FVTPL	(62)	—
Net increase/(decrease) in amounts due to customers	2,556	2,285
Net increase/(decrease) in other liabilities	(6)	(163)
Net cash flow from operating activities before income tax payment	(689)	6,294
Income tax paid	(3)	(8)
Net Cash Inflow/(Outflow) From Operating Activities	(692)	6,286
<i>Cash flows from investing activities</i>		
Purchases of property and equipment	(84)	(58)
Proceeds from disposal of property and equipment and intangible assets	14	43
Purchases of intangible assets	(21)	(24)
Proceeds from disposal of assets held for sale other than subsidiaries	245	54
Purchases of financial assets at FVTOCI	(1,762)	(1,960)
Proceeds from disposal of financial assets at FVTOCI	2,566	848
Proceeds from disposal of subsidiaries and other businesses, net of cash and cash equivalents disposed	(16)	—
Acquisition, establishment and participation in share capital (increases)/decreases of associates and joint ventures	(10)	(28)
Proceeds from disposal of associates	1	—
Dividends received	1	8
Net Cash Inflow/(Outflow) From Investing Activities	934	(1,116)
<i>Cash flows from financing activities</i>		
Net proceeds from issue/(repayment) of debt securities and other borrowed funds	340	437
Cash payments for the principal and the interest portion of the lease liability	(31)	(35)
Payment to the holders of contingent convertible securities	(165)	—
Net Cash Inflow/(Outflow) From Financing Activities	143	402
Effect of exchange rate changes on cash and cash equivalents	6	(11)
Net Increase/(Decrease) in Cash and Cash Equivalents (A)	391	5,561
Cash and cash equivalents contributed to the new credit institution (B)	—	—
Cash and Cash Equivalents at the Beginning of the Year (C)	3,351	3,742
Cash and Cash Equivalents at the End of the Year (A)+(B)+(C)	3,742	9,303

(1) During 2020, the Group amended the presentation of its Consolidated Statement of Cash Flows in order to present both continuing and discontinued operations. The respective figures for the comparative year have been restated to be comparable with the amounts presented for 2020.

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Statement of changes in equity

	Attributable to equity shareholders of the parent entity											
(€ in millions)	Share Capital	Share Premium	Contingent Convertible Bonds	Treasury shares	Currency Translation Reserve	Reserve from financial assets at FVTOCI	Other reserves	Retained earnings	Total	Non controlling interest	Total	
Opening Balance as at 1 January 2019	2,620	13,075	2,040	(1)	(59)	97	144	(10,526)	7,390	116	7,506	
Other comprehensive income, net of tax	—	—	—	—	5	139	—	(6)	139	—	138	
Profit/(loss) after tax for the year	—	—	—	—	—	—	—	279	279	(4)	276	
Total Comprehensive Income/(Expense) for the Year	—	—	—	—	5	139	—	273	418	(4)	414	
Payment to the holders of contingent convertible bonds	—	—	—	—	—	—	—	(165)	(165)	—	(165)	
Transfer between other reserves and retained earnings	—	—	—	—	—	—	2	(2)	—	—	—	
Recycling of the accumulated reserve from financial assets measured at FVTOCI	—	—	—	—	—	—	—	2	2	—	2	
Disposals and movements in participating interests	—	—	—	—	—	—	(28)	43	14	3	17	
Balance as at 31 December 2019	2,620	13,075	2,040	(1)	(54)	236	118	(10,375)	7,659	115	7,773	
Opening Balance as at 1 January 2020	2,620	13,075	2,040	(1)	(54)	236	118	(10,375)	7,659	115	7,773	
Other comprehensive income, net of tax	—	—	—	—	(5)	61	—	(6)	50	—	50	
Profit/(loss) after tax for the year	—	—	—	—	—	—	—	(662)	(662)	(6)	(668)	
Total Comprehensive Income/(Expense) for the Year	—	—	—	—	(5)	61	—	(668)	(612)	(6)	(618)	
Transfer between reserves and retained earnings	—	—	—	—	—	(16)	1	15	—	—	—	
Disposals and movements in participating interests	—	—	—	—	—	—	(4)	4	—	(3)	(2)	
Balance as at 31 December 2020	2,620	13,075	2,040	(1)	(59)	281	115	(11,024)	7,047	106	7,153	

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Selected financial ratios and other data

	As at and for the year ended 31 December	
	2019	2020
Basic Ratios		
Loans to deposits ⁽¹⁾	82.7%	79.8%
Loans to assets ⁽²⁾	64.0%	55.4%
Credit Quality Ratios and Other Data		
Expected Credit Allowance (ECL) allowance (grossed up with PPA adjustment) (€ millions)	(10,986)	(9,904)
Total gross loans and advances to customers at amortised cost (grossed up with PPA adjustment) (€ millions)	50,148	49,528
ECL Impairment losses on loans and advances to customers at amortised cost (€ millions)	(710)	(1,104)
Loans and advances to customers at amortised cost (€ millions)	39,162	39,624
Provisions expenses ratio ⁽³⁾	1.81%	2.79%
NPEs (€ millions)	24,474	22,448
NPE ratio ⁽⁴⁾	48.8%	45.3%
NPE (Cash) Coverage ratio ⁽⁵⁾	44.9%	44.1%
Efficiency Ratio		
Cost to income ratio ⁽⁶⁾	53%	47%
Return on Investment Ratios		
Net interest margin ⁽⁷⁾	2.33%	2.24%
Return on tangible equity ⁽⁸⁾	5.1%	(13.1)%
Total return on assets ratio ⁽⁹⁾	0.45%	(1.00)%

(1) Loans and advances to customers at amortised cost (net of provisions) over customer deposits. These figures take into account the effect of the OPEKEPE seasonal funding facility. As at 31 December 2019 and 2020, the loan to deposit ratio, excluding the effect of the OPEKEPE seasonal funding facility, was 79.4% and 76.8%, respectively.

(2) Loans and advances to customers (net of ECL allowance) over total assets.

(3) The ratio of ECL impairment losses on loans and advances to customers at amortised cost.

(4) NPEs over gross loans.

(5) ECL allowance for impairment losses on loans and advances to customers at amortised cost over NPEs.

(6) Cost to income ratio adjusted to reflect the one-off trading income gain from the Intrum Transaction in 2019 and costs in respect of the voluntary exit schemes in 2019 and 2020.

(7) Net interest margin is net interest income as a percentage of average total assets.

(8) Profit/(loss) after tax for the period divided by average tangible equity.

(9) Profit/(loss) after tax for the period divided by total average assets.

Source: data based on our annual audited consolidated financial statements as at and for the year ended 31 December 2020.

6.3 Recent developments

The Conversion of the Contingent Convertible Bonds

In connection with its share capital increase in December 2015, the former Piraeus Bank Société Anonyme issued €2,040 million principal amount of Contingent Convertible Bonds. Following a final decision of the Governing Council of the ECB, which confirmed that it did not approve the request of the former Piraeus Bank Société Anonyme for the cash payment of the €165 million annual coupon of the Contingent Convertible Bonds for the year 2020, the cancellation of the annual coupon payment for such Contingent Convertible Bonds on 2 December 2020 triggered, pursuant to the terms of the Contingent Convertible Bonds, the conversion on 4 January 2021 of all Contingent Convertible Bonds with an aggregate book value of €2,040 million into 394,400,000 Ordinary Shares. Following the above, the HFSF's shareholding in Piraeus Holdings increased from 26.42% to 61.34% and no Contingent Convertible Bonds remain outstanding on Piraeus Holdings' balance sheet.

The Demerger

On 23 July 2020, the Board of Directors of the former Piraeus Bank Société Anonyme approved the initiation of the demerger of its core operations by way of hive-down and the contribution of its banking

activities into a new credit institution, “Piraeus Bank Société Anonyme”, in accordance with the provisions of Article 16 of Law 2515/1997, Article 57, paragraph 3, and Articles 59-74 of Law 4601/2019, as well as Article 145 of Law 4261/2014. On 27 August 2020, the Board of Directors of the former Piraeus Bank Société Anonyme approved the draft demerger deed in respect of the Demerger. On 30 December 2020, following approval by the extraordinary general meeting of the shareholders of the former Piraeus Bank Société Anonyme on 10 December 2020, the Demerger was approved by the Greek Ministry of Development and Investments.

As a result of the Demerger:

- Piraeus Bank Société Anonyme substituted the former Piraeus Bank Société Anonyme, by way of universal succession, to all the transferred assets and liabilities of the core banking operations of the former Piraeus Bank Société Anonyme;
- the former Piraeus Bank Société Anonyme ceased to be a credit institution, retained activities, assets and liabilities not related to core banking activities, and changed its corporate name to “Piraeus Financial Holdings S.A.”;
- Piraeus Financial Holdings S.A. holds 100% of the share capital of Piraeus Bank Société Anonyme and became the direct or indirect ultimate parent holding company for all other companies that, prior to the Demerger, comprised the “Group”; and
- Piraeus Financial Holdings S.A. retained the assets and performs functions, that are not related to the Group’s core banking operations.

Piraeus Holdings’ scope of business includes the direct or indirect shareholding in legal and other entities and undertakings, carrying out of insurance intermediation and insurance distribution activities, the provision of insurance and financial advisory services as well as any other similar or related activities. Piraeus Holdings, to that effect, retained certain of the assets, liabilities and non-banking activities of the former Piraeus Bank Société Anonyme, as well as significant interests in certain securities and certain entities. After the Demerger, the HFSF is entitled to exercise all the special rights it held in the former Piraeus Bank Société Anonyme in both Piraeus Holdings and Piraeus Bank Société Anonyme.

On 26 March 2021, Piraeus Holdings published its annual consolidated financial statements as at and for the year ended 31 December 2020. The Demerger is a business combination involving entities under a common control transaction that involves the set-up of a new company. The Demerger falls outside the scope of IFRS 3 and IFRS does not provide guidance regarding the accounting treatment of such transactions. In line with the Group’s accounting policy for business combinations that involve the formation of a new entity in the case of a reorganisation, Piraeus Bank Société Anonyme incorporated the assets and liabilities of the banking sector transferred from the former Piraeus Bank Société Anonyme at their carrying amounts, as presented in the books of the former Piraeus Bank Société Anonyme. The reorganisation had no impact on the Group’s consolidated financial statements and was accounted for at carrying values.

In the separate financial statements of Piraeus Holdings included in the Group’s annual audited consolidated financial statements as at and for the year ended 31 December 2020, the assets, liabilities and equity reserves of the banking sector activity were derecognised and the investment of Piraeus Holdings to the new banking entity, Piraeus Bank Société Anonyme, was recognised at cost.

Further information relating to the Demerger and the associated transformation can be found in Note 3 to our annual consolidated financial statements as at and for the year ended 31 December 2020.

The Demerger forms part of the Group’s announced business strategy for the optimisation of the organisational and capital structure of the Group. We expect the Demerger to facilitate future issues of Additional Tier 1 and Tier 2 capital instruments from Piraeus Holdings and Piraeus Bank Société Anonyme as per international practice resulting from improved credit quality of the new banking entity.

Furthermore, as a result of the improvement of the quality of assets and prospects of the new banking entity, we expect investment attraction at a consolidated level to be gradually restored, whereas benefits to the credit ratings, pricing and business presence’ fronts in the medium term would also be expected.

Sale of merchant acquiring business

On 16 March 2021, we entered into a binding agreement for the sale of our merchant acquiring business to EFT Services Holding B.V., a subsidiary of Euronet Worldwide, a leading international payment services

provider. The completion of this transaction remains subject to customary closing conditions, including the receipt of necessary approvals from the relevant supervisory and regulatory authorities.

Synthetic securitisation

We are in the process of pursuing the synthetic securitisation of performing SME and corporate loan portfolios through the purchase of synthetic credit protection from private market participants, aiming to achieve total risk-weighted assets relief of approximately €2 billion, which is expected to be completed in two transactions. We signed an agreement for the first transaction on 11 March 2021, and we expect to complete this securitisation in the second quarter of 2021, leading to a risk-weighted assets relief of approximately €800 million. The second transaction is intended to be completed by the end of 2021 and is expected to lead to risk-weighted assets relief of approximately €1.2 billion. The aforementioned transactions do not result in accounting derecognition of the underlying loans; however, the Group is provided with capital relief benefit through decreasing its risk-weighted assets.

Share capital increase of Piraeus Bank

On 17 March 2021, the General meeting of Piraeus Bank approved the increase of its share capital by the amount of €265,000 through payment in cash, with a pre-emptive right in favour of the existing shareholders and through the issuance of 265,000 new common registered voting shares of a nominal value of €1.00 each and an offer price of €1,000 per share. Payment of the share capital increase amount of €265,000 and the aggregate above par amount of €264,735,000 was certified by the Board of Directors on 24 March 2021. As a result the share capital of Piraeus Bank amounts to €5,400,265,000 divided into 5,400,265,000 common registered voting shares with a nominal value of €1.00 each.

6.4 Comparability of results

Discontinued operations

Following disposals or decisions to dispose of certain Group companies, these companies are designated as held for sale and classified as discontinued operations, in accordance with IFRS 5. Any changes in the presentation of financial information are shown and described in our consolidated financial statements.

Discontinued operations for the year ended 31 December 2020 includes the results of IMITHEA S.A. Discontinued operations for the year ended 31 December 2019 includes the results of IMITHEA S.A., Tirana Bank I.B.C. S.A. until its disposal date on 28 February 2019 and Piraeus Bank Bulgaria A.D. until its disposal date on 13 June 2019.

Discontinued operations as at 31 December 2020 and 2019 includes the non-current assets of IMITHEA S.A.

As at 1 January 2019, we adopted IFRS 16 (Leases), on a modified retrospective basis without restating the relevant comparatives as permitted by the transitional provisions of the standard.

During 2020, the Group amended the presentation of its Consolidated Statement of Cash Flows in order to present both continuing and discontinued operations. The respective figures for the comparative year have been restated to be comparable with the amounts presented for 2020.

Changes in accounting policy

IFRS 16

IFRS 16 (*Leases*) was published on 13 January 2016 by the International Accounting Standard Board. It became effective on 1 January 2019 and applies to the first full financial year commencing on or after that date.

IFRS 16 introduces a single lessee accounting model that requires recognition of a right-of-use of asset and a lease liability for all leases with a residual lease term higher than 12 months, unless the underlying asset is of low value. Lessor accounting remains substantially unchanged compared to IAS 17. Accounting treatment for the lessees requires that, upon a lease commencement the lessee recognises a right-of-use asset and a relevant financial lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs, estimated cost for dismantling or restoring the asset to its initial condition and any payments less incentives before the commencement date. Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment, except for the leased investment properties for which the recognised asset is measured at fair value.

As at 1 January 2019, we adopted IFRS 16 (*Leases*), on a modified retrospective basis without restating the relevant comparatives as permitted by the transitional provisions of the standard.

6.5 Alternative Performance Measures

The Group presents several non-IFRS financial measures, which are intended to provide investors and the Group's management with additional information with which to evaluate the Group's financial position and performance. These measures are not always comparable with measures used by other companies and should be considered as a complement to measures defined according to IFRS. The Group applies the key ratios consistently over time.

These measures are not required by, nor are they recognised under or presented in accordance with, IFRS, GAAP or accounting principles generally accepted in Greece. Each of these measures is an alternative performance measure ("APM"), as defined in the guidelines issued by European Securities and Markets Authority ("ESMA") on 5 October 2015.

We use APM indicators in the context of making decisions regarding our financial, operational and strategic planning, as well as for the evaluation and publication of our performance. The APM indicators serve to better understand our financial and operating results and our financial position, however they should not be considered as substituting other metrics that have been calculated in accordance with the provisions of IFRS or other historical financial indicators.

Below we present the tables including APM indicators calculated pursuant to our audited consolidated financial statements as at and for the year ended 31 December 2019 and 2020.

APM	APM Definition—Calculation	As at 31 December 2019	As at 31 December 2020
Common Equity Tier 1 or CET1 Capital Ratio	CET1 capital, as defined by the CRR, with the application of the regulatory transitional arrangements for IFRS 9 impact.	14.05% ⁽¹⁾	13.75%
Financial Assets	The sum of financial assets at FVTPL, financial assets mandatorily at FVTPL, Loans and advances to customers mandatorily at FVTPL, financial assets at FVTOCI, debt securities at amortised cost.	3,613	8,412
Loans to Deposits Ratio (LDR)—(Seasonally Adjusted)	Seasonally Adjusted Net Loans over (/) Deposits.	79.4%	76.8%
Net Income excluding one-off items	Total net income minus (-) Non-recurring (one-off) Revenues.	1,823	1,893
New Loan Disbursements	—	4,019	6,295
Net Stable Funding Ratio (NSFR)	The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an ongoing basis.	106.4%	116.2%
Non-Performing Exposures (NPEs)	On balance sheet credit exposures before ECL allowance for impairment on loans and advances to customers at amortised cost that are: (a) past due over 90 days; (b) impaired or those which the debtor is deemed as unlikely to pay (“UTP”) its obligations in full without liquidating collateral, regardless of the existence of any past due amount or the number of past due days; (c) forborne and still within the probation period under EBA rules; (d) subject to contagion from (a) under EBA rules and other unlikely to pay UTP criteria.	24,474	22,448
NPE (Cash) Coverage Ratio	ECL allowance for impairment losses on loans and advances to customers at amortised cost over (/) NPEs.	44.9%	44.1%
NPE Ratio	NPEs over (/) gross loans before impairments & adjustments.	48.8%	45.3%
Other Assets	Balancing item: equals (=) Total Assets minus (-) Net Loans minus (-) Financial Assets.	18,456	23,541
Other Income	Balancing item: equals (=) Net Income minus (-) Net Interest Income minus (-) Net Fee and Commission Income.	421	90
Other Liabilities	Balancing item: equals (=) Total Liabilities minus (-) Due to banks minus (-) Customer Deposits.	2,811	3,411
Recurring Operating Expenses (Recurring Opex)	Opex minus (-) One-off Opex.	977	937
Total Regulatory Capital (Phased-in)	Total capital, as defined by the CRR, with the application of the regulatory transitional arrangements for IFRS 9 impact.	14.92% ⁽¹⁾	15.82%

(1) The comparative information as at 31 December 2019, adjusted to incorporate into regulatory capital the audited profit for the period ended 31 December 2019, stood at 14.74% CET1 and 15.60% total capital ratio.

6.6 APM components at Group level

The table below presents the APM components included in our annual audited consolidated financial statements as at and for the year ended 31 December 2020.

APM Component	APM Definition—Calculation	As at 31 December 2019	As at 31 December 2020
Expected Credit Loss (ECL Allowance)	ECL allowance for impairment losses on loans and advances to customers at amortised cost including the PPA adjustment.	10,986	9,904
Deposits or Customer Deposits	Due to Customers.	47,351	49,636
Gross Loans	Loans and advances to customers at amortised cost before ECL allowance for impairment losses on loans and advances to customers grossed up with the PPA adjustment.	50,148	49,528
Intangible Assets	—	287	280
Loan Impairment Charges (Provision Expenses)	ECL impairment losses on loans and advances to customers at amortised cost.	710	1,104
Net Fee and Commission Income (NFI)	—	318	317
Net Interest Income (NII)	—	1,435	1,486
Net Loans	Loans and advances to customers at amortised cost.	39,162	39,624
Seasonally Adjusted Net Loans	Loans and advances to customers at amortised cost minus (-) OPEKEPE seasonal funding facility of €1,548 million as at 31 December 2019 and €1,516 million as at 31 December 2020.	37,614	38,108
Net Results—Net Profit	Profit/(loss) for the period from continuing operations attributable to shareholders of Piraeus Holdings.	270	(652)
Net Revenues	Total Net Income.	2,174	1,893
Non-Recurring (one-off) Expenses	In 2019 voluntary exit scheme staff costs of €36 million were classified as one-off. In 2020, the staff costs related to the newly-launched voluntary exit scheme amounted to €147 million.	36	147
Non-Recurring (one-off) Impairments	In 2020, €695 million of impairment charges related with the COVID-19 impact and other impairments were classified as one-off.	0	695
Non-Recurring (one-off) Revenues	In 2019, €351 million of the sale of Piraeus RBU platform to Intrum were classified as one-off revenues in other income.	351	0
Operating Expenses (Opex)	Total operating expenses before provisions.	1,013	1,084
Pre-Provision Income	Profit before provisions, impairment and income tax.	1,161	809
Pre-Tax Results—Pre-Tax Profits (PBT)	Profit/(loss) before income tax.	389	(530)

Source: data based on our annual audited consolidated financial statements as at and for the year ended 31 December 2020.

6.7 Results of operations

Results of operations in the year ended 31 December 2019 and 2020

Total net income

Our total net income, which represents total net interest income plus total net fee commission income, amounted to €1,893 million for the year ended 31 December 2020 compared to €2,174 million for the year ended 31 December 2019. The decrease from 2019 to 2020 was principally the result of the one-off gain following the sale of the management of the restructuring unit (RBU) to Intrum, in the last quarter of 2019, that resulted in a profit before taxes of €351 million. This gain was reported in our financial statements under the line “Gain/(losses) from disposal of subsidiaries, associates and businesses”. Such decrease was partially offset by the increase of net interest income and net gain/(losses) from financial instruments measured at FVTP by 4% and 177%, respectively compared to the previous period.

The following table sets out the breakdown of our total net income for the years ended 31 December 2019 and 2020.

(€ in millions)	Year ended 31 December	
	2019	2020
Interest and similar income	1,855	1,825
Interest expense and similar charges	(420)	(339)
Net Interest Income	1,435	1,486
Fee and commission income	417	408
Fee and commission expense	(99)	(91)
Net Fee and Commission Income	318	317
Dividend income	2	3
Net gain/(losses) from financial instruments measured at FVTPL	13	36
Net gain/(losses) from financial instruments measured at FVTOCI	5	2
Net gain/(losses) from derecognition of financial instruments measured at amortised cost	7	9
Gain/(losses) from disposal of subsidiaries/associates and businesses	345	(3)
Net other income (expenses) ⁽¹⁾	48	43
Total Net Income	2,174	1,893

(1) Net other income/(expenses) has been restated for 2019 in order to be comparable with the presentation of the figures for 2020.

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Net interest income

Our net interest income increased by 4% to €1,486 million in 2020 from €1,435 million in 2019.

The increase in 2020 compared to 2019 was largely attributed to supportive funding costs, the significant containment of deposit costs and the utilisation of the ECB TLTRO III facility, which outweighed the cost of Tier 2 debt servicing. Additionally, new loans disbursed in 2019 and 2020, as well as the increased fixed income withholdings, contributed to the increase of our net interest income in 2020.

The following table sets out the breakdown of our net interest income for the years ended 31 December 2019 and 2020.

(€ in millions)	Year ended 31 December	
	2019	2020
Interest and Similar Income		
Securities measured at FVTOCI	42	45
Debt securities at amortised cost	19	49
Loans and advances to customers at amortised cost and reverse repos	1,657	1,581
Due from banks	7	31
Other	16	13
Total interest income for financial instruments not measured at FVTPL	1,740	1,719
Financial instruments measured at FVTPL	10	10
Derivative financial instruments	104	95
Total Interest and Similar Income	1,855	1,825
Interest Expense and Similar Charges		
Due to customers and repurchase agreements	(188)	(88)
Debt securities in issue and other borrowed funds	(27)	(71)
Due to banks	(9)	(14)
Contribution of Law 128/1975	(69)	(65)
Other interest expense	(4)	(3)
Total interest expense from financial instruments not measured at FVTPL	(298)	(241)
Financial instruments measured at FVTPL	(2)	—
Derivative financial instruments	(120)	(98)
Total Interest Expense	(420)	(339)
Net Interest Income	1,435	1,486

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Net fee and commission income

Despite the outbreak of COVID-19 pandemic our net fee and commission income remained resilient in 2020 and amounted to €317 million, compared to €318 million in 2019 (0%). Main contributors to resilient NFI, despite the adverse economic conditions, were bancassurance, asset management and investment banking activities. (which contributed positively in offsetting pressure from other ancillary fees related to tourism business).

Commissions from other banking operations continued to improve as we benefit from the growing demand for loans, the positive trends in services of transactional banking, payments, and investment banking operations and asset management.

The following table sets out the breakdown of our net fee and commission income for the years ended 31 December 2019 and 2020.

<u>(€ in millions)</u>	<u>Year ended 31 December</u>	
	<u>2019</u>	<u>2020</u>
Fee and Commission Income		
Commercial banking	383	367
Investment banking	20	23
Asset management	14	18
Total Fee and Commission Income	417	408
Fee and Commission Expense		
Commercial banking	(95)	(85)
Investment banking	(4)	(6)
Asset management	—	—
Total Fee and Commission Expense	(99)	(91)
Net Fee and Commission Income	318	317

Source: annual audited consolidated financial statements as at and for the years ended 31 December 2020.

Net other income/(expenses)

Net other income in 2020 amounted to €43 million. Rental income from investment property amounted to €31 million and other net income amounted to €21 million. These gains were partially offset by the loss from real estate that reflected the valuation results of investment properties, which amounted to €9 million in 2020. Other net income in 2020 was mainly affected by the higher operating income of €9 million of our subsidiaries; €8 million from the services rendered as part of the Business Services Agreement with Intrum and a gain of €4 million from the sale of investment property and other assets.

Net other income in 2019 amounted to €48 million. Rental income from investment property amounted to €39 million and other net operating income amounted to €13 million. These gains were partially offset by the loss from real estate that reflected the valuation results of investment properties in 2019, which amounted to €4 million.

The following table sets out the breakdown of our other operating income for the years ended 31 December 2019 and 2020.

<u>(€ in millions)</u>	<u>Year ended 31 December</u>	
	<u>2019</u>	<u>2020</u>
Net losses from fair value adjustment of investment property	(4)	(9)
Rental income from investment property	39	31
Other net income/(loss)	13	21
Total Net Other Income/(Expense)⁽¹⁾	48	43

(1) Net other income/(expenses) has been restated for 2019 in order to be comparable with the presentation of the figures for 2020.

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Total operating expenses before provisions

Our total operating expenses before provisions amounted to €1,084 million in 2020 compared to €1,013 million in 2019, an increase of 7%. This increase was primarily affected by the increase in staff costs, as a cost of €147 million was reported in the fourth quarter of 2020 relating to the voluntary exit scheme that was launched in October 2020. Our operating expenses, excluding the voluntary exit scheme in 2020 and 2019, of €147 million and €36 million, respectively, declined by 4%.

Our total operating expenses before provisions in 2019 amounted to €1,013 million, which is attributable mainly to the voluntary exit scheme. Excluding the cost of the voluntary exit programme and other adjustments, our total operating costs amounted to €982 million in 2019.

The following table sets out the breakdown of our total operating expenses before provisions for the years ended 31 December 2019 and 2020.

<u>(€ in millions)</u>	<u>Year ended 31 December</u>	
	<u>2019</u>	<u>2020</u>
Staff costs	(504)	(571)
Administrative expenses	(387)	(407)
Depreciation and amortisation	(123)	(115)
Net gain/(losses) from sale of property and equipment and intangible assets	1	8
Total Operating Expenses before Provisions	<u>(1,013)</u>	<u>(1,084)</u>

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Staff costs

Our staff costs increased to €571 million in 2020 compared to €504 million in 2019 primarily due to costs related to voluntary exit scheme of €148 million, of which €147 million related to the newly-launched voluntary exit scheme in October 2020, as part of which 865 employees left the Group in 2020. The scheme has been extended in 2021. Excluding voluntary redundancy costs for both 2020 and 2019 amounting to €148 million and €36 million, respectively, staff costs would have amounted, on a like-for-like base, to €423 million and €468 million for 2020 and 2019. In this context, recurring staff costs decreased by 10% as the Group is reaping the benefits of the carve-out of the NPE servicing platform and the voluntary exit scheme in 2019.

Our staff costs amounted to €504 million in 2019. Furthermore, the reduction in our staff costs in 2019 is also attributed to the Intrum Transaction and the participation of 251 eligible employees in the voluntary exit scheme that was announced for certain eligible employees in Greece.

As at 31 December 2020, we had a network of 500 branches (484 in Greece and 16 abroad) and the number of employees from continuing operations was 10,429 people. As at 31 December 2019, we had 547 branches (527 in Greece and 20 abroad) and 11,615 employees from continuing operations.

The following table sets out a breakdown of our staff costs for years ended 31 December 2019 and 2020.

<u>(€ in millions)</u>	<u>Year ended 31 December</u>	
	<u>2019</u>	<u>2020</u>
Wages and salaries	(339)	(315)
Social insurance contributions	(88)	(77)
Other staff costs	(32)	(26)
Voluntary redundancy costs	(36)	(148)
Retirement benefit charges	(9)	(4)
Total	<u>(504)</u>	<u>(571)</u>

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Income tax expense and deferred tax asset

The following table sets out the breakdown of our income tax for the years ended 31 December 2019 and 2020.

<u>(€ in millions)</u>	<u>Year ended 31 December</u>	
	<u>2019</u>	<u>2020</u>
Current tax expense	(14)	(9)
Deferred tax benefit/(expense)	(109)	(119)
Income Tax Benefit/(Expense)	<u>(123)</u>	<u>(128)</u>

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

According to Law 4172/2013, as amended and in force, the income tax rate for Greek legal entities is 24% for income earned from 2019 onwards (compared to the previously applying tax rate of 29%). Especially for credit institutions that have opted to be included into the special regime enacted by Article 27A of Law 4172/2013, the corporate income tax rate remains 29%. The withholding tax rate on dividend income, derived from 1 January 2020 onwards is set to 5%, while any distribution realised in 2019 was subject to a 10% withholding tax rate.

From 1 January 2017 onwards, in case of distribution or capitalisation of current or previous year profits for which no corporate income tax has been paid by legal entities (tax free reserves), the amount distributed or capitalised, is taxed separately (independently) subject to the provisions of Article 47, paragraph 1 of Law 4172/2013 (as apply after their amendment by Article 99, paragraph 2 of Law 4446/2016) as profit from business activities, regardless of the existence of tax losses.

As at 31 December 2020, we have recognised a DTA of €6,337 million compared to €6,478 million as at 31 December 2019, based on our management's best assumptions for the future evolution of taxable profits, taking into account a series of assumptions on the recoverability of other relevant factors, as well as the business plan and the current tax legislation. Deferred income tax is provided for in full, using the liability method, on all temporary differences.

Under Article 27A of Law 4172/2013, currently in force, DTAs that have been recognised due to losses from the private sector initiative (PSI losses) and accumulated provisions due to credit risk in relation to existing loans and advances to customers as at 30 June 2015, as well as the accounting write-offs and losses from final write-off or disposal of loans, maybe converted, into directly enforceable claims (tax credits) against the Greek state, provided that there will be accounting losses from the year 2016 onwards. This claim will be offset against the relevant amount of income tax of the legal person or companies of the same corporate group (related companies) of the tax year, which the approved financial statements refer to. In case the amount of income tax of the year when the accounting loss derived, is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek state, payable in cash or cash equivalents, in favour of the abovementioned legal person or companies. In this case, a special reserve equal to 100% of the mentioned claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favour of the Greek state. The above rights will be convertible into ordinary shares, while existing shareholders will have a call option right on them. The above-mentioned reserve will be capitalised, and new ordinary shares will be issued in favour of the Greek state. If the right of conversion is exercised by the Greek state, the ownership of these common or cooperative shares will come automatically and without consideration to the HFSF.

Furthermore, a gradual amortisation over a 20-year period of the final tax losses arising from write-offs and disposals of loans is provided, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

The extraordinary general meeting of the Bank's shareholders, on 19 December 2014, approved the Bank's opting into the special regime enacted by Article 27A of Law 4172/2013, regarding the voluntary conversion of DTAs arising from temporary tax differences into final and settled claims against the Greek State and authorised the Board of Directors of the Bank to proceed with all actions required for the implementation of the above-mentioned provisions.

According to Article 82 of Law 4472/2017, credit institutions and other legal entities that fall under the provisions of Article 27A of Law 4172/2013 are required to pay an annual commission of 1.5% on the excess amount guaranteed by the Greek state of the DTAs arising from the difference between the tax rate applicable under Law 4334/2015 retrospectively from 1 January 2015 (29%), and the tax rate applicable on 30 June 2015 (26%). For the years ended 2019 and 2020, the total commission amounted to €7 million and €6 million, respectively, and has been included in the income statement under the line "Net other income/(expenses)".

The income tax expense for 2020 amounted to €128 million, of which €119 million related to deferred tax expense. For 2019, it amounted to €123 million, of which €109 million related to deferred tax expense.

Profit/(loss) after income tax from continuing operations

In 2020, we generated a loss attributable to equity shareholders of the parent entity from continuing operations of €652 million.

In 2019, we generated a profit attributable to shareholders from continuing operations after tax of €270 million (including the gain of €351 million from the Intrum Transaction).

Profit/(loss) after tax from discontinued operations

The profit or loss from discontinued operations for the year ended 31 December 2020 comprised solely of IMITHEA S.A. The profit or loss from discontinued operations for the year ended 31 December 2019 comprised of IMITHEA S.A., Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D (for the latter two until the day of their disposal).

The following table sets out the breakdown of our results of discontinued operations:

<u>(€ in millions)</u>	<u>Year ended 31 December</u>	
	<u>2019</u>	<u>2020</u>
Interest and similar income	19	—
Interest expense and similar charges	(1)	—
Net Interest Income	17	—
Fee and commission income	8	—
Fee and commission expense	(1)	—
Total Fee and Commission Income	7	—
Net gain/(losses) from financial instruments measured at FVTPL	2	—
Gain/(loss) from the disposal of subsidiaries	11	—
Net other income/(expenses)	33	33
Total Net Income	70	33
Staff costs	(35)	(28)
Administrative expenses	(19)	(11)
Depreciation and amortisation	(7)	(3)
Total Operating Expenses before Provisions	(61)	(42)
Profit before Provisions, Impairment and Income Tax	9	(9)
Provisions and impairment losses	(6)	(1)
Profit/(Loss) before Income Tax	4	(10)
Income tax benefit/(expense)	6	—
Profit/(Loss) after Income Tax from Discontinued Operations	10	(10)

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

6.8 Financial position

As at 31 December 2020, our total assets amounted to €71,576 million compared to €61,231 million as at 31 December 2019. The increase by €10,345 million as at 31 December 2020 was largely attributable to the increased position in financial assets measured at FVTOCI and amortised cost amounting to €5,094 million, as well as to the increased position in cash and balances with central banks amounting to €8,903 million.

Total gross loans and advances to customers at amortised cost as at 31 December 2020 amounted to €49,528 million. Our total deposits amounted to €49,636 million as at 31 December 2020, and our deposits in Greece represent 28.6% of the Greek banking market. Our total equity as at 31 December 2020 amounted to €7,153 million.

Total gross loans and advances to customers at amortised cost as at 31 December 2019 amounted to €50,148 million. Our total deposits amounted to €47,351 million as at 31 December 2019, and our deposits in Greece represented 29.5% of the Greek banking market. Our total equity as at 31 December 2019 amounted to €7,773 million.

Loans and advances to customers at amortised cost and debt securities at amortised cost (net of ECL allowance)

The balance of our loans and advances to customers at amortised cost net of ECL allowance amounted to €39,624 million as at 31 December 2020 compared to €39,162 million as at 31 December 2019. The increase in the balance of our loans and advances to customers at amortised cost net of ECL allowance between 2019 and 2020 is attributable to the new loans disbursed in 2020 (mainly to large corporates and SMEs).

New loan disbursements in 2020 amounted to €6.3 billion and in 2019 amounted to €4 billion. Most new loans were directed to businesses.

The following table presents our loans and advances to customers at amortised cost, as well as debt securities at amortised cost as at 31 December 2019 and 2020:

<u>(€ in millions)</u>	<u>As at 31 December</u>	
	<u>2019</u>	<u>2020</u>
Loans and Advances to Customers at amortised cost		
Mortgages (gross carrying amount)	13,914	13,445
Consumer/personal and other loans (gross carrying amount)	3,372	3,307
Credit cards (gross carrying amount)	816	731
Retail Lending (gross carrying amount)	18,103	17,483
Corporate and Public Sector Lending (gross carrying amount)	32,046	32,045
Total Loans and Advances to Customers at Amortised Cost (gross carrying amount)	50,148	49,528
Less: ECL allowance for impairment losses	(10,986)	(9,904)
Total Loans and Advances to Customers at amortised cost (Net of ECL Allowance)	39,162	39,624

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Our loans and advances to customers at amortised cost net of ECL allowance were €39,624 million as at 31 December 2020 and €39,162 million as at 31 December 2019.

Our total corporate and public sector portfolio amounted to €32,045 million as at 31 December 2020 and €32,046 million as at 31 December 2019, representing 64.7% and 63.9% respectively, of the total loan portfolio.

Retail lending at 31 December 2020, stood at €17,483 million or 35.3% of the total portfolio, of which €13,445 million were mortgage loans and €4,038 million were consumer loans (*i.e.* consumer/personal and other loans and credit cards).

Retail lending at 31 December 2019, amounted to €18,103 million or 36.1% of total portfolio, out of which €13,914 million were mortgage loans and €4,188 million were consumer loans (*i.e.* consumer/personal and other loans and credit cards).

As at 31 December 2020, our ratio of net loans to deposits was 76.8% excluding the effect of the OPEKEPE seasonal funding facility compared to 79.4% as at 31 December 2019.

Non-performing exposures

Our NPEs as at 31 December 2020 were €22,448 million, compared to €24,474 million as at 31 December 2019. The decrease in NPEs as at 31 December 2020 compared to 31 December 2019 was mainly due to the organic effort for the recovery of our loan portfolio.

Our NPEs, as at 31 December 2020 comprised €14,553 million of corporate loans, €5,742 million of mortgages and €2,154 million of consumer/personal and other loans.

The NPE ratio amounted to 45.3% as at 31 December 2020 compared to 48.8% as at 31 December 2019.

Our ratio of cumulative provisions to NPE (NPE coverage ratio) was 44.9% and 44.1% as at 31 December 2019 and 2020, respectively. Our ratio of cumulative provisions to gross loans at amortised cost excluding the effect of the OPEKEPE seasonal funding facility was 22.6% and 20.6% as at 31 December 2019 and 2020, respectively.

Due to customers (deposits)

Our due to customers amounted to €49,636 million as at 31 December 2020 compared to €47,351 million as at 31 December 2019. The increase in due to customers as at 31 December 2020 compared to 31 December 2019 is mainly attributable to the rising balances of both retail and corporate current/sight accounts, as well as retail savings accounts.

Our due to customers as at 31 December 2019 and 2020 is presented below:

<u>(€ in millions)</u>	<u>As at 31 December</u>	
	<u>2019</u>	<u>2020</u>
Corporate		
Current and sight deposits	8,178	10,012
Term deposits	4,568	2,686
Blocked deposits, guarantee deposits and other accounts	237	323
Total (A)	12,983	13,021
Retail		
Current and sight deposits	4,169	5,135
Savings accounts	16,660	20,243
Term deposits	13,467	11,159
Blocked deposits, guarantee deposits and other accounts	30	43
Total (B)	34,325	36,580
Cheques Payable and Remittances (C)	42	35
Total Due to Customers (A)+(B)+(C)	47,351	49,636

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

The following table presents the loans to deposits ratio on a consolidated basis as at 31 December 2019 and 2020:

Loans to deposits ratio

<u>(€ in millions)</u>	<u>As at 31 December</u>	
	<u>2019</u>	<u>2020</u>
Loans and advances to customers at amortised cost (net of ECL allowance)	39,162	39,624
Due to customers	47,351	49,636
% Loans to Deposits	82.7%	79.8%
—excluding the OPEKEPE seasonal funding facility	79.4%	76.8%

Source: annual audited consolidated financial statements as at and for the years ended 31 December 2020.

6.9 Legal and arbitration proceedings

In the ordinary course of business, we are involved in judicial or other similar proceedings. Neither we nor any other member of the Group is involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which we are aware) in the 12 months preceding the Date of the Prospectus which we believe may have or which have had a significant effect on our financial condition or profitability or that of the Group.

On April 16 2021, we received service of process on behalf of a Greek shareholder (the “Claimant”), holder of 18,160 Ordinary Shares (606 new Ordinary Shares post the Reverse Split), representing 0.002% of our share

capital. The Claimant filed a lawsuit before the Court of First Instance in Athens against the Issuer, petitioning the court to annul the resolutions of the extraordinary General Meeting of the Issuer, held on 7 April 2021 and which approved the Reverse Split and the Share Capital Decrease (collectively, the “Corporate Actions”).

The Issuer firmly believes that the lawsuit is based on substantive and procedural allegations that are entirely without merit. All substantive and procedural legal requirements in relation to the Corporate Actions were complied with and all approvals from regulatory or other competent authorities in relation therewith were obtained. While the Issuer believes that the Claimant’s allegations are entirely without merit, it cannot provide any assurance that other similar annulment and/or related legal actions will not be filed in relation to the Corporate Actions, the Share Capital Increase or the Combined Offering, in all cases with similarly low prospects of success. At the time of service of the lawsuit, the Corporate Actions were already concluded as a matter of law and on 19 April 2021 trading of the new Ordinary Shares started on the ATHEX following the Reverse Split and the Share Capital Decrease.

As at 31 December 2020, the provision for cases under litigation amounted to €30 million (31 December 2019: €32 million), which represents our management’s best estimate on the probable loss to be incurred upon the conclusion of these legal cases.

6.10 Significant change in the Issuer’s financial position

There has been no significant change in our financial position as from 31 December 2020, until the date of preparation of this Prospectus, except for the following:

- On 5 January 2021 and subsequent to the announcements dated 23 November 2020 and 7 December 2020, Piraeus Holdings announced that on 4 January 2021 the Contingent Convertible Bonds were automatically converted into 394,400,000 Ordinary Shares. As a consequence of the above, Piraeus Holdings’ share capital has increased by an aggregate amount of €2,366,400 and is equal to €4,986,354,984 divided into 831,059,164 Ordinary Shares. This increase is combined with a decrease in retained earnings by €326,400,000 and derecognition of the Contingent Convertible Bonds reserve of €2,040,000.
- On 13 January 2021, the Greek state and the Bank proceeded with a GGB exchange that included existing sovereign bonds held by the Bank, of nominal value €2.8 billion, with a new GGB of equivalent nominal value maturing in 2050. The exchange took place at market terms and was settled on 20 January 2021. The Group’s gain from the aforementioned exchange amounted to €221 million.
- In February 2021, the Group’s net trading income was enhanced by realised gains from interest rate derivatives of €82 million.
- On 1 March 2021, the Bank proceeded with the sale of Italian sovereign bonds of a nominal value of €1,150 million, which were previously included in the debt securities at amortised cost portfolio. The gain of the Group from the aforementioned transaction amounted to €85 million.

6.11 Dividends and dividend policy

Generally applicable rules on dividends

As Piraeus Holdings is a financial holding company with limited business activity, its ability to distribute profits will mainly depend on the income received from Piraeus Bank Société Anonyme, while there are further restrictions arising either from the law on companies limited by shares (*sociétés anonymes*) such as Piraeus Holdings and Piraeus Bank Société Anonyme, in general or from specific regulatory and other requirements to which we are subject, as described below.

Under Greek law, we are able to pay dividends out of distributable net profits for the year, comprising profits net of tax, losses carried forward and prior years’ tax audit differences, on an unconsolidated basis.

However, under Article 159 of Law 4548/2018, no distribution of, among others, dividends may be made to our shareholders if, on the date on which our last financial year ends, our total net assets (shareholders equity) are, or will become after the relevant distribution, lower than the aggregate of the sum of (i) our share capital; (ii) the reserves, the distribution of which is prohibited by Greek law or our Articles of Association; (iii) other credit balances included in net assets that are not permitted to be distributed; and (iv) credit items included in the statement of profit/(loss) which do not constitute realised gains.

In any event, the amount of dividends which will be distributed to our shareholders cannot exceed the sum of (i) our net profits for the last financial year; (ii) undistributed retained earnings; and (iii) reserves, the distribution of which is permitted by law and approved by the General Meeting, after deduction of (i) credit items included in the statement of profit/(loss) which do not constitute realised gains; (ii) losses carried forward from previous financial years; and (iii) the amount of reserves required to be formed by operation of law and our Articles of Association, as the case may be.

Under Article 160 of Law 4548/2018, the amount of our distributable net profits will be reduced by the sum of the amounts in respect of (i) the credit items of our statement of profit/(loss) which do not constitute realised gains and (ii) the statutory reserve required to be formed under the law and our Articles of Association, as the case may be. To form such reserve, we will be required to allocate at least 5% of our annual net profits until this reserve equals to at least one-third of our share capital. Once this requirement is satisfied, the allocation of our net profits to the statutory reserve will not be mandatory. The allocation of net profits to the statutory reserve will again become mandatory if the reserve subsequently falls below one-third of our share capital. The statutory reserve is exclusively used, before any dividend is declared, to balance any potential loss set out in our statement of profit/(loss).

The calculation of all the above amounts will be based on our financial statements prepared in accordance with IFRS.

Under Articles 160 and 161 of Law 4548/2018, and subject to the limitations described above, each year companies limited by shares (*Sociétés Anonymes*), such as Piraeus Holdings and Piraeus Bank Société Anonyme, are in principle required to pay a minimum dividend out of their net profits for the year, if any, equal to 35% of their annual net profits on a standalone basis for the year (after the deduction of the statutory reserve and the amounts in respect of the credit items of their statement of profit/(loss) which do not constitute realised gains) (the “Minimum Dividend”). Net profits remaining after deduction for the formation of statutory reserve and payment of the Minimum Dividend may be distributed according to the resolution of the annual General Meeting held at each relevant time.

The annual General Meeting may decide to distribute distributable profits in excess of the Minimum Dividend, and such decision is subject to ordinary quorum and majority voting requirements. Under Law 4548/2018, the annual General Meeting may, provided the quorum each time required is met, resolve (i) by majority representing at least two thirds of the paid up share capital represented at each relevant session of the General Meeting to either (a) lower the Minimum Dividend to no less than 10% of distributable profits or (b) issue new shares at their nominal value to shareholders *in lieu* of the Minimum Dividend, or (ii) by majority representing 80% of the paid up share capital represented at each relevant session of the General Meeting not to distribute the Minimum Dividend at all. Moreover, the annual General Meeting may also resolve, by majority representing at least two thirds of the paid up share capital represented at each relevant session of the General Meeting, to distribute treasury shares or shares or other securities owned by the company concerned and which have been issued by domestic or international companies *in lieu* of the Minimum Dividend, provided such shares or other securities are listed on a regulated market and have been valued, as required under Articles 17 and 18 of Law 4548/2018. Subject to the satisfaction of the above conditions, distribution of other assets instead of cash requires unanimous approval by all shareholders of the company concerned.

Once approved, dividends must be paid to shareholders within two months of the date on which our annual financial statements are approved by the annual General Meeting. Dividends are declared and paid in the year subsequent to the reporting period. Uncollected dividends are forfeited to the Greek state if they are not claimed by shareholders within five years following 31st of December of the year in which they were declared.

Pursuant to Law 4548/2018, a company may also distribute interim dividends at the discretion of its board of directors, provided (i) financial statements are prepared and published at least two months prior to the proposed distribution of interim dividends; (ii) under such financial statements, there are available sufficient distributable funds; and (iii) the amount of the interim dividends proposed to be distributed cannot exceed the amount of net profits that may be distributed, as described in the second paragraph of this sub-section (Generally applicable rules on dividends).

Furthermore, under Law 4548/2018, a company may distribute profits and discretionary reserves at any time within a relevant financial year pursuant to a decision of either the General Meeting or its board of directors, which is subject to registration with the General Commercial Registry.

The above applies *mutatis mutandis* to Piraeus Bank Société Anonyme, as a company limited by shares. However, under Article 149A of Law 4261/2014 introduced pursuant to Article 23 of Law 4701/2020, credit institutions (among which, the Bank) are not subject to the Minimum Dividend distribution requirement, while any distribution in kind instead of cash, including distribution of Additional Tier 1 and Tier 2 capital instruments, will be subject to prior approval by the Bank of Greece. Further restrictions on distributions also apply pursuant to Article 131 of Law 4261/2014 (reflecting Article 141 of CRD IV) and Article 141b of CRD (as introduced pursuant to the CRD V assuming *verbatim* transposition in Greek law). Under these provisions, the Bank may be prohibited from distributions including dividends on our Ordinary Shares, if we do not meet our combined buffer and leverage ratio buffer requirements or, if we do meet such requirement, to the extent that that such distribution would decrease our CET 1 capital or Tier 1 capital, to a level where our combined buffer and leverage ratio buffer requirements are no longer met. Furthermore, under Article 1, paragraph 6 of BRRD II (as may be transposed in Greece), we may be prohibited from certain distributions (including dividends on our Ordinary Shares) in cases where, even though we meet our combined buffer requirements when considered in addition to the requirements of Article 141a of CRD (as introduced pursuant to the CRD V and as may be transposed in Greece), we nevertheless fail to meet the combined buffer requirement when considered in addition to the MREL requirements, as calculated in accordance with Article 1, paragraph 17 of BRRD II (as may be transposed in Greece).

Current restrictions on our dividends

Further to generally applicable restrictions described herein above, as Piraeus Holdings (former Piraeus Bank Société Anonyme) had received capital support from the HFSF in 2013 and 2015, under the HFSF Law, neither Piraeus Holdings nor Piraeus Bank Société Anonyme may distribute more than the Minimum Dividend for so long as the HFSF is a shareholder of Piraeus Holdings, while the HFSF's representative appointed at the Board of Directors of Piraeus Holdings and Piraeus Bank Société Anonyme, in accordance with the HFSF Law and the Relationship Framework Agreement, can veto any decision of the relevant Board of Directors in connection with, among other matters, dividend distributions.

In addition, pursuant to the 2020 SREP Decision, Piraeus Bank Société Anonyme is required to obtain the approval of the ECB prior to making any distribution to its shareholders and to holders of capital instruments, other than shares, insofar as these qualify as Common Equity Tier 1 or Additional Tier 1 capital instruments, where non-payment does not constitute an event of default.

On 15 December 2020, the ECB adopted ECB/2020/62 which recommended that until 30 September 2021 significant credit institutions exercise extreme prudence when deciding on or paying out dividends or performing share buy-backs aimed at remunerating shareholders. In accordance with this recommendation, the ECB generally considers that it would not be prudent for those credit institutions in those deliberations to consider making a distribution and share buy-backs amounting to more than 15% of their accumulated profit for the financial years 2019 and 2020, or more than 20 basis points in terms of the Common Equity Tier 1 ratio, whichever is lower. This recommendation applies on a consolidated level of a significant supervised group as defined in point 22 of Article 2 of Regulation (EU) No 468/2014, such as, together, Piraeus Holdings and Piraeus Bank Société Anonyme.

Piraeus Holdings (former Piraeus Bank Société Anonyme) has not distributed dividends since 2009 in respect of the financial year ended 31 December 2008 and we do not expect to pay dividends in the near future.

7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

7.1 Management and corporate governance of Piraeus Holdings

The main administrative, management and supervisory bodies of Piraeus Holdings are the Board of Directors and the Committees of the Board of Directors (namely the Audit Committee, the Risk Committee, the Remuneration Committee and the Nomination Committee) and the Group Executive Committee.

Board of Directors

According to Article 8 of the Articles of Association, Piraeus Holdings is managed by a Board of Directors which consists of between 9 and 15 members. Pursuant to Law 3016/2002, the Board consists of executive and non-executive members. The number of the non-executive members should not be less than one third of the total number of members. Among the non-executive members, at least two should be independent within the meaning of Article 4 of the aforementioned Greek Law. Pursuant to the HFSF Law, a Representative of the HFSF participates as a member to the Board of Directors. Such member's responsibilities are determined by the HFSF Law and the Relationship Framework Agreement with the HFSF. For a description of the rights of the Representative of the HFSF, please see "*Elements of Regulatory Framework*".

In addition, the Relationship Framework Agreement requires the following, among others, with respect to the composition of the Board of Directors of Piraeus Holdings: (i) the Board of Directors must be composed of at least seven and no more than 15 members; provided that only an odd number of members is permitted, including HFSF's Representative; (ii) the Chairman of the Board must be a Non-Executive Member and should not serve as Chairman of either the Board's Risk or the Audit Committees; (iii) the majority of the Board of Directors must be comprised of non-executive members, 50% of which (rounded to the nearest integer) and no fewer than three members (excluding the HFSF Representative) should be independent, satisfying the independence criteria of Law 3016/2002 and the Recommendation 2005/162/EC; and (iv) the Board of Directors must include at least two executive members.

The members of the Board of Directors of Piraeus Holdings are elected by Piraeus Holdings' General Meeting for a term of office that cannot exceed three years and may be extended up to the ordinary meeting of the year of expiry of its term. Members of the Board may always be re-elected.

In the event that a member of the Board of Directors resigns, passes away or relinquishes one's office in any manner whatsoever, or is deposed on account of being unjustifiably absent from meetings for three consecutive months, the Board of Directors may continue managing and representing Piraeus Holdings without replacing missing members, provided the remaining members of the Board of Directors are at least nine. If the number of the members of the Board of Directors falls below nine, the Board of Directors must elect sufficient substitute members to bring the Board of Directors to nine members for the time remaining in the current term. The decision for such election must be published according to Article 82 of Law 4548/2018 and be announced by the Board of Directors at the next General Meeting. The General Meeting may either approve such election or replace the substitute members with others, even if membership is not on the agenda.

The Board of Directors, immediately after its election, convenes at its first meeting (formation into body) and elects among its members a Chairman, one or more Vice Chairmen and Managing or Executive Directors. According to the Relationship Framework Agreement and international best practices, the Chairman of Piraeus Holdings does not at the same time serve as Managing/Executive Director.

The Board of Directors represents Piraeus Holdings and is qualified to resolve, on every act concerning the management, the administration of its property and the promotion of its business scope in general. The Board of Directors may not resolve on issues, which, in accordance with the law or the Articles of Association, fall into the exclusive competence of the General Meeting.

Moreover, pursuant to the provisions of the HFSF Law, the HFSF as holder of Ordinary Shares, develops, with the assistance of an independent consultant, criteria for the evaluation of the members of the Board of Directors and its committees, as well as any committees the HFSF deems necessary, taking into account international best practices. The HFSF also develops specific recommendations for changes and improvements in the corporate governance. For more details on the evaluation criteria developed by the HFSF, please see "*Elements of Regulatory Framework*". If a member of the Board of Directors or one of its committees does not

meet the criteria set out by the HFSF Law and the HFSF, or if a management body collectively, does not satisfy the structure recommended by the HFSF with respect to the size, allocation of tasks and expertise, and the necessary changes cannot be otherwise achieved, the HFSF would propose to the General Meeting that the relevant members of the Board of Directors or a committee need to be replaced, if our Board of Directors does not take the necessary measures to implement the relevant recommendations. In the event that the General Meeting does not agree to replace such members of management or a committee within three months, the HFSF would publish on its website within four weeks a report that includes the relevant recommendations and the number of the members of the Board of Directors or its committees that do not meet the relevant criteria, specifying the criteria such members of the Board of Directors or its committees do not meet.

The composition of our Board of Directors, which was elected by the General Meeting on 26 June 2020 for a term of three years expiring on 26 June 2023, and was constituted as a body corporate pursuant to its resolution of 26 June 2020, is as follows:

Full Name	Capacity	Profession	Address	Date of 1st Appointment
George P. Handjinicolaou	Chairman of the Board of Directors—Non-Executive Member	Finance & Economics	4 Amerikis Str., 105 64, Athens	1 November 2016
Karel G. De Boeck	Vice-Chairman—Independent Non-Executive Member	Economics	601 Zeedijk, 1.1, 8300, Knokke Belgium	8 June 2016
Christos I. Megalou	Managing Director (CEO) (Chief Executive Officer)—Executive Member	Finance & Economics	4 Amerikis Str., 105 64 Athens	8 March 2017
Vasileios D. Koutentakis	Member of the Board of Directors—Executive Member	Electrical Engineering	4 Amerikis Str., 105 64 Athens	28 May 2020
Venetia G. Kontogouri	Member of the Board of Directors—Independent Non-Executive Member	Economics	10, Old Hyde Road, Western Connecticut City, 06883, U.S.A.	28 June 2017
Arne S. Berggren	Member of the Board of Directors—Independent Non-Executive Member	Economics	22 Norrtullsgatan, Stockholm 11345, Sweden	8 June 2016
Enrico Tommaso C. Cucchiani	Member of the Board of Directors—Independent Non-Executive Member	Finance	Via Tommaso Salvini 5, 201 22, Milano, Italy	1 November 2016
David R. Hexter	Member of the Board of Directors—Independent Non-Executive Member	Finance	47 Kensington Gardens Square, W2 4BQ, London, United Kingdom	27 January 2016
Solomon A. Berahas	Member of the Board of Directors—Independent Non-Executive Member	Industrial Engineering and MIS	1 Alamanas Str., 151 25 Maroussi	1 November 2016
Andrew D. Panzures	Member of the Board of Directors—Independent Non-Executive Member	Finance	17 East 93 Street, New York, 101 28U.S.A.	26 June 2020
Anne J. Weatherston	Member of the Board of Directors—Independent Non-Executive Member	Business and IT programming	10 Belmont Crescent, G12 8EU, Glasgow United Kingdom	26 June 2020
Alexander Z. Blades	Member of Board of Directors—Non-Executive Member	Law	4 Amerikis Str., 105 64 Athens	27 January 2016
Periklis N. Dontas	Member of Board of Directors—Non-Executive Member—Representative of the HFSF under the HFSF law	Economics	10 L. Eleftheriou Venizelou Str., 106 71 Athens	18 December 2019

The independent non-executive Board members meet the independence requirements of Article 4 of Law 3016/2002, as in force from their election date and until the Date of the Prospectus.

Brief biographical information for each of the members of the Board of Directors is set out below.

Members of our Board of Directors

George P. Handjinicolaou, Chairman of the Board of Directors, Non-Executive Member

Mr. George Handjinicolaou is Non-Executive Chairman of the Board of Directors of Piraeus Holdings. He is also, Chairman, Non-Executive Member at the ATHEXGroup Board of Directors, as well as Chairman of the Hellenic Bank Association's Board of Directors. He held the position of Deputy CEO and Member of the Board of Directors in International Swaps and Derivatives Association in London between 2011 to 2016. Mr. Handjinicolaou received a BSc in Economics from University of Athens, Law School, Department of Economics in 1975, an MBA in Finance from New York University, Graduate School of Business Administration in 1978 and a PhD in Finance & Economics from New York University in 1983.

Karel G. De Boeck, Vice-Chairman, Independent Non-Executive

Mr. Karel De Boeck is Vice Chairman, Independent Non-Executive Member of the Board of Directors of Piraeus Holdings, as well as Chairman of the Risk Committee and Member of the Audit Committee. He is also a Board Member of LAMIFIL and LESSIUS NV as well as a Board Member of Willemen Group, Belgium. He held the position of CEO at Belgium (Dexia Credit Local SA, France, Dexia NV, Dexia Group as well as at Fortis Group in Belgium). Mr. De Boeck holds a Master Degree in Mechanical/Civil Electronic Engineering (magna cum laude) from KUL in Belgium (1972) and a Master Degree in Economics from KUL in Belgium (1974).

Christos I. Megalou, Managing Director and Chief Executive Officer, Executive Member

Mr. Christos Megalou is an Executive Member of the Board of Directors of Piraeus Holdings, Managing Director (CEO) and Chairman of the Group Executive Committee. Mr. Megalou, was elected, for two consecutive runs, Chairman of the Hellenic Bankers Association in the UK (2010-2013) and Deputy Chairman of the HBA in Greece (2013-2015). He is a distinguished fellow in Global Federation Competitiveness Councils in Washington, USA and a Non-Executive Board Member of Safe Bulk Inc. Mr. Megalou graduated with a BSc of Economics from the University of Athens in 1981 and holds an MBA in Finance from University of Aston in Birmingham, UK (1982).

Vasileios D. Koutentakis, Executive Member

Mr. Vasileios Koutentakis is an Executive Member of the Board of Directors of Piraeus Holdings. He is a Member of the Group Executive Committee, as well as an Executive General Manager, Chief Retail Banking in Piraeus Bank since 2017. He is a Member of the Executive Committee of the HBA, Member and HBA Representative of Liquidity Council of Ministry of Finance and Chairman of INSEAD NAA in Greece. He was a Board Member of VISA Hellas from 2004 until 2012. Mr. Koutentakis holds a Diploma in Electrical Engineering from the National Technical University of Athens (1987) and an MBA from INSEAD in Fontainebleau, France (1990).

Venetia G. Kontogouri, Independent Non-Executive Member

Mrs Venetia Kontogouris is an Independent Non-Executive Member of the Board of Directors of Piraeus Holdings and a Member of the Remuneration Committee and the Nomination Committee. Also, she is a Member of the Board of Directors of Kaizen Private Equity, as well as Founder and Managing Director of Venkon Group, LLC. She was Co-Managing Director at Trident from 1995 until 2011. Ms. Kontogouris is a technology-focused venture capitalist, with over 20 years of experience; she has overseen management, and been a key decision maker in over 25 companies from the initial seed invest to the exit strategy. Mrs Kontogouris holds a BA from Northeastern University (1974) and an MBA from University of Chicago (1977).

Arne S. Berggren, Independent Non-Executive Member

Mr. Arne Berggren is an Independent Non-Executive Member of the Board of Directors of Piraeus Holdings and Chairman of the Remuneration Committee as well as, the Nomination Committee. Mr. Berggren is the owner of Eusticon AB, and a Non-Executive Board Member of Bank of Cyprus and TBC Bank. From 2012 until 2015, Mr Berggren held a position as a Senior Advisor of the IMF. Mr. Berggren graduated the School of Business in New York University and the Swedish Institute of Management. He also graduated University of Geneva, University of Amsterdam and University of Uppsala.

Enrico Tommaso C. Cucchiani, Independent Non-Executive Member

Mr. Enrico Tommaso Cucchiani is an Independent Non-Executive Member of the Board of Directors of Piraeus Holdings, as well as a Member of the Nomination Committee and the Remuneration Committee. Mr. Cucchiani held a position as a Member of the Executive Board of Allianz Group and was responsible for all business in most of Europe, Latin America and Africa. Also, he was Group CEO of Intesa Sanpaolo. Mr. Cucchiani was appointed Cavaliere del Lavoro, the highest honorary title by the president of Italy, and 2006 Bocconi Man of the Year. He holds an MBA (Fullbright Fellow) from Stanford Graduate School of Business, USA and a Dottore in Economia from Bocconi University, Italy and he has fulfilled Research Activity on Multinational Corporations in Harvard Business School, UK.

David R. Hexter, Independent Non-Executive Member

Mr. David Hexter is an Independent Non-Executive Member of the Board of Directors of Piraeus Holdings, as well as Chairman of the Audit Committee and Member of the Risk Committee. Mr. Hexter held the position of Deputy Vice President of Banking Department, as well as Chairman of Equity Investment Committee and Member of Operations Committee of the European Bank of Reconstruction and Development (1996-2004). Mr. Hexter holds an MA in Philosophy, Politics and Economics awarded by Oxford University (1970), an MBA awarded by the Cranfield School of Management (1973), an MPhil awarded by Birkbeck, University of London (2011) and a PhD from London University (2016).

Solomon A. Berahas, Independent Non-Executive Member

Mr. Solomon Berahas is an Independent Non-Executive Member of the Board of Directors of Piraeus Holdings, as well as Member of the Risk Committee, the Audit Committee and the Remuneration Committee. Mr. Berahas is Managing Director, General Manager and Board Member at Tiresias Bank Information Systems SA in Athens. Between 2006 to 2012, Mr. Berahas held the position of Vice Chairman at Eurobank Financial Planning Services. Mr. Berahas holds a BSc in Industrial Engineering (1976), a MSc in Industrial Engineering and Management Information Systems (1978) and a DSc in Operations Research from Technion Israel Institute of Technology (1981).

Andrew D. Panzures, Independent Non-Executive Member

Mr. Andrew Panzures is an Independent Non-Executive Member of the Board of Directors of Piraeus Holdings, as well as Member of the Audit Committee, the Risk Committee and the Nomination Committee. Mr. Panzures is a Board Member of Interaudi Bank USA/Private Equity Investor. Mr. Panzures was a Principal/Senior Portfolio Manager at Graham Capital Management in the Global Multi Sector Macro-Graham Capital Management LLC (2011-2016). Between 2009 through 2011, Mr. Panzures was Co-CIO and a Managing Partner at Medley Macro Fund Management. From 2003 through 2008, Mr. Panzures held the position of Managing Director and CIO of Americas-New York at JPMorgan Chase. Mr. Panzures graduated from Ontario Scholar in 1977 and graduated from York University's Schulich School of Business—BBA Finance in 1981.

Anne J. Weatherston, Independent Non-Executive Member

Mrs Anne Weatherston is an Independent Non-Executive Member of the Board of Directors of Piraeus Holdings, as well as a Member of the Audit Committee and the Remuneration Committee. She held the position of CIO of Bank of Ireland, Group CIO of Australia and New Zealand Banking Group and Chief Transformation Officer & CIO of Energy Australia. Mrs Weatherston is a Board Member of Archa Neo-Bank, ALBA Bank as well as a Board Member and Risk & Audit Chair of Mint Payments. Mrs Weatherston holds an MA on Archaeology from Glasgow University and an MBA from Strathclyde University Business School. Also, she has accomplished a Government 4-year scheme (UK program) on IT programming, she is a graduate of the Australian Institute of Directors and Chair mentoring programme and has fulfilled the Executive Leadership Training from Harvard & London Business School.

Alexander Z. Blades, Non-Executive Member

Mr. Alexander Blades is a Non-Executive Member of the Board of Directors of Piraeus Holdings, as well as a Member of the Risk Committee and the Nomination Committee. Mr. Blades is a Partner at Paulson & Co. Inc., New York since 2009, as well as a Member of the New York State Bar and a barrister and solicitor of the High Court of New Zealand. Mr. Blades graduated with a BA (1993) and LLB (Hons) from Victoria University of Wellington in 1994 and an LLM from the University of Chicago in 1997.

Mr. Periklis Dontas is a Non-Executive Member of the Board of Directors and an HFSF Representative under the HFSF Law of Piraeus Holdings, as well as a Member of the Risk Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. From 2008 to 2012, Mr. Dontas held the position of Deputy CEO and Executive Member of the Board of Directors of EFG Eurobank S.A. (Poland) and was Director at Risk Consulting and Business Development in KPMG Advisors S.A. (2016-2018). Mr. Dontas has Bachelor of Arts in Economics from The American College of Greece (1979) and earned his MA in Economics from the Essex University, UK in 1981.

Committees of the Board of Directors of Piraeus Holdings and the Group Executive Committee

The organizational chart of Piraeus Holdings provides for the following committees:

- the Audit Committee;
- the Risk Committee;
- the Remuneration Committee;
- the Nomination Committee; and
- the Group Executive Committee.

Audit Committee

The Audit Committee is a Board Committee comprised of Non-Executive members of the Board, the majority of whom, including its Chair, are independent within the meaning of the provisions of Law 3016/2002 and are expected to satisfy the independence criteria set out in Law 4706/2020 which will apply as of 17 July 2021. The Audit Committee is chaired by an Independent Non-Executive member of the Board of Directors who meets the criteria of Article 10, paragraph 8 of the HFSF Law. The HFSF Representative participates as a member in the Audit Committee, with full voting rights. The Audit Committee is supported by an Executive Secretary and its operation is governed by Article 44 of Law 4449/2017, the respective notices, explanations and recommendations of the supervisory authorities and additionally by its Operating Regulation. Piraeus Holdings has established and applies the Audit Committee Charter that was approved and entered into force pursuant to the resolution of its Board of Directors of 24 March 2021, and is available on the website of Piraeus Holdings, in the following link: <https://www.piraeusholdings.gr/el/investors/corporate-governance/committees/piraeus-bank-board-committees/piraeus-bank-board-of-directors-committees> .

The Audit Committee as a whole possesses appropriate competence and experience for the effective performance of its duties.

The main responsibilities of the Audit Committee are (i) to supervise and evaluate the drawing-up processes of the annual financial statements and interim financial information of the Group and Piraeus Holdings prior to their publication; (ii) to supervise the audit and review Piraeus Holdings' annual financial statements and mid-year interim financial information conducted by the statutory auditors and to cooperate with the statutory auditors on a regular basis; (iii) to ensure the independence of the external auditors in accordance with applicable Greek law; (iv) to propose to the Board of Directors the selection or replacement of statutory auditors; (v) to identify weaknesses, make recommendations and also monitor the implementation of measures decided by the Board of Directors; (vi) to propose measures for specific areas requiring further investigation by internal or external auditors; (vii) to monitor and evaluate on an annual basis the adequacy and effectiveness of the ICS for Piraeus Holdings and the Group, based on the data and information provided by the Group Internal Audit as well as by the statutory auditors and other supervisory bodies; (viii) to evaluate the work of the Group Internal Audit, focusing on issues related to the degree of its independence, the quality and scope of its audits, the priorities determined by changes in the economic environment, the systems and in the level of risks and the overall efficiency of its operation; (ix) to determine the scope and appoint an external audit firm to assess the adequacy of the ICS, periodically, and at least every three years; (x) to monitor and evaluate on an annual basis the work of the Group Compliance Division; and (xi) to monitor and evaluate on an annual basis money laundering and terrorist financing issues.

The current composition of the Audit Committee, which was appointed by the extraordinary General Meeting of 10 December 2020, in accordance with Article 44 of Law 4449/2017, was set as a six-member committee, which consists of five board members and the HFSF Representative and operates as a Board

Committee with a term equal to the term of our Board of Directors, *i.e.* with a term until 26 June 2023 (which may be extended until the annual General Meeting to be convened after the end of the term of the Board of Directors) is as follows: David Hexter (Chairman), Karel De Boeck (Member), Anne Weatherston (Member), Solomon Berahas (Member), Andrew Panzures (Member) and Periklis Dontas. The latter, as representative of the HFSF, participates in the Audit Committee with full voting rights. The Audit Committee is supported by Christina Koutkia as Executive Secretary.

The composition of the Audit Committee meets the conditions of Law 3016/2002 and Article 44 of Law 4449/2017. The majority of the members of the Audit Committee are independent, as per the provisions of Law 3016/2002, as in force: David Hexter (Chairman, Independent Non-Executive), Karel De Boeck (Independent Non-Executive), Anne Weatherston (Independent Non-Executive), Solomon Berahas (Independent Non-Executive), Andrew Panzures (Independent Non-Executive) and Periklis Dontas (Non-Executive), with sufficient proven knowledge in Piraeus Holdings' activity sector (banks). At least two members of the Audit Committee, Mr. David Hexter and Mr. Solomon Berahas (additionally the representative of HFSF Mr. Periklis Dontas) have proven adequate knowledge in accounting and auditing. The Chairman of the Audit Committee has been appointed by the members of the Audit Committee at its meeting of 14 December 2020.

Biographical information for each of the members of the Audit Committee is set out under “—*Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*”.

Risk Committee

The Risk Committee is appointed by our Board of Directors and consists of non-executive members of our Board of Directors having sufficient knowledge and experience in the field of risk management.

The Risk Committee consists of at least three members and non-executive board members, but in any case, no more than 40% of members of our Board of Directors (excluding the HFSF Representative). At least two of its members must meet the independency criteria of Law 3016/2002 and of Law 4706 /2020, that will be in force as of 17 July 2021 and the respective Recommendation of the European Commission 2005/162/EC. The Risk Committee is chaired by the Chairman, an independent non-executive board member (whose office is incompatible with that of the Chairman of our Board of Directors and the Chairman of the Audit Committee) and is supported by an executive secretary. The Chairman of the Risk Committee must meet the requirements set by Article 10, paragraph 8, of the HFSF Law, have significant experience in commercial banking and, preferably, in risk and capital management and knowledge of the Greek and international regulatory framework. The representative of the HFSF, in accordance with the HFSF Law, participates in the Risk Committee with full voting rights.

The term of office of the members of the Risk Committee cannot be greater than that of the Board of Directors, but the Board of Directors is entitled to cease or replace them at any time.

The executive secretary of the Risk Committee is appointed by the Board of Directors. The executive secretary is directly accountable to the Risk Committee and is subject to the supervision of the internal audit unit.

Piraeus Holdings has established and applies the Risk Committee Charter that was approved and entered into force pursuant to the resolution of 24 March 2021.

The Risk Committee ensures that (i) the Group has a well-defined risk and capital strategy and risk appetite; (ii) all forms of risks (including operational risk) associated with the Group's operations are effectively covered; (iii) the Group's risk appetite is clearly communicated throughout the Group and constitutes the basis for the development of risk management policies and risk appetite limits at the Group; and (iv) the integrated control and management of risks is soundly implemented at the Group.

The current composition of the Risk Committee, which was elected by the Board of Directors on 23 July 2020, is: Karel De Boeck (Chairman), David Hexter (Member), Alexander Blades (Member), Solomon Berahas (Member), Andrews Panzures (Member) and Periklis Dontas. The latter, as representative of the HFSF, participates in the Risk Committee with full voting rights. The Risk Committee is supported by Vasiliki Doupi as Executive Secretary.

Biographical information for each of the members of the Risk Committee is set out under “—*Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*”.

Remuneration Committee

The Remuneration Committee consists of at least three non-executive Board members, the majority of whom, including the Chair are independent within the meaning of Law 3016/2002, and are expected to satisfy the independence criteria set out in Law 4706/2020 which will apply as of 17 July 2021, with the total number of its members, in any case, not exceeding 40% of the number of the members of our Board of Directors, excluding the HFSF Representative who participates in the Remuneration Committee with full voting rights, in accordance with the provisions of the HFSF Law. It is chaired by an independent non-executive member of our Board of Directors who meets the criteria set by Article 10, paragraph 8 of the HFSF Law and by Law 3016/2002. Additionally, the Remuneration Committee operates under its charter that was approved and entered into force pursuant to the resolution of our Board dated 25 February 2021.

The Remuneration Committee, as a body, has collective knowledge and professional experience in remuneration issues, risk management and internal control. At least one member of our Remuneration Committee is also member of the Risk Committee to ensure compliance of the remuneration policy with the risk and capital strategy of the Group.

The Remuneration Committee is responsible for the design, monitoring and periodic review of the remuneration policy in accordance with applicable law and in alignment with the Group's strategic goals. It takes into account the risk appetite framework of the Group, the long-term interests of shareholders, investors and other stakeholders. In the scope of Remuneration Committee is also included the monitoring of a framework implementation that objectively evaluates performance and is directly linked to the determination of the remuneration of employees, risk takers and non-risk takers, the implementation of the Group's talent management and succession planning policies as well as the implementation of strategies with the purpose of building a corporate culture that will support the Group's objectives and vision. The competences of the Remuneration Committee relate to the Group.

The current composition of the Remuneration Committee, which was elected by the Board of Directors on 23 July 2020, is: Arne Berggren (Chairman), Enrico Tommaso Cucchiani (Member), Venetia Kontogouris (Member), Solomon Berahas (Member), Anne Weatherston (Member) and Periklis Dontas. The latter, as representative of the HFSF, participates in the Remuneration Committee with full voting rights. The Remuneration Committee is supported by Georgios Georgopoulos as Executive Secretary.

Biographical information for each of the members of the Remuneration Committee is set out under “—*Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*”.

Nomination Committee

The Nomination Committee consists of at least three non-executive members of the Board of Directors, including a representative of the HFSF, whilst the total number of its members should not exceed 40% of the members of our Board of Directors (excluding the HFSF Representative). The majority of the members must be independent non-executive members including its Chairman, as per the provisions of Law 3016/2002, as it currently applies, and of Law 4706/2020 expected to enter into force on 17 July 2021.

Additionally, the Nomination Committee has established and applies its charter that was approved and entered into force pursuant to the resolution of our Board resolution dated 23 May 2019.

The Nomination Committee is responsible, among others, for: (i) the identification and nomination of suitable candidates for election or replacement of the members of the Board of Directors; (ii) the establishment of a candidate's “independence” as well as the evaluation of the independence of the incumbent non-executive members of the Board of Directors once every two years; (iii) the review, at least on an annual basis, of the structure, size and composition of our Board of the Directors and its committees (and recommending any relevant amendments to the Board of Directors); (iv) the design of the succession planning for the Board of Directors and top executive management over the longer term; (v) the adoption of a nomination criteria policy and a diversity policy and their periodic review; and (vi) the assessment, on an annual basis, of the effectiveness of the Board of the Directors and its committees.

The Nomination Committee ensures that the members of the Board of Directors have, as a whole, sufficient knowledge of, and experience in, at least our main activities, in order to exercise meaningful supervision over our operations, either directly or indirectly through the various Board of Directors' committees.

The Nomination Committee takes into account on an ongoing basis the need to ensure that the decision-making process of our Board of Directors is not influenced by any one member or small group in a way that would affect the interests of the Group as a whole.

The Nomination Committee may use any resources it deems appropriate, including external consultants, and it shall be provided the adequate funds to meet this objective.

The current composition of the Nomination Committee, which was elected by the Board of Directors on 23 July 2020, is: Arne Berggren (Chairman), Enrico Tommaso Cucchiani (Member), Venetia Kontogouris (Member), Andrew Panzures (Member), Alexander Blades (Member) and Periklis Dontas. The latter, as representative of the HFSF, participates in the Nomination Committee, with full voting rights. The Nomination Committee is supported by Georgios Liakopoulos as Executive Secretary.

Biographical information for each of the members of the Nomination Committee is set out under “—*Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*”.

Group Executive Committee

The Group Executive Committee consists of senior executives of the Group and is chaired by our CEO, executive member of our Board of Directors.

By authorisation of our Board of Directors, the Group Executive Committee has the following responsibilities, which it may confer or assign to administrative committees, to members of the committees or executives of the Group: (i) monitors the implementation of the Group’s business plan and makes the necessary decisions for the accomplishment of the objectives included in the plan; (ii) draws up the guidelines of the budget and proposes the annual budget to the Board of Directors; (iii) supervises and monitors the progress of the Group, in Greece and abroad; (iv) sets up the administrative committees and specifies their composition and responsibilities; (v) approves, supplements or amends the accounting principles of the Group; (vi) determines the interest rates policy and the pricing framework of products and services offered by the Group; (vii) approves the introduction of new products, as well as the major differentiation of the Group’s existing products and services, as well as the settlement products, and specifies their pricing policy prior to their launch to customers; (viii) approves the marketing strategy and the sponsorships and monitors their implementation and effectiveness; (ix) approves the Group’s technological infrastructures strategy; (x) approves the principles and rules of credit policy, as well as the regulations, manuals, policies and procedures of our credit policy, which come into force for the implementation of these principles, as well as any of their amendments, following the agreement with the Compliance and Risk Officer, except for the amendments of risk appetite, which are approved by the Risk Committee; (xi) monitors and oversees the implementation of corporate governance rules and programmes and makes decisions regarding compliance measures following the recommendation of the responsible units or committees; (xii) approves the human resources’ programmes (such as voluntary exit scheme, remunerations, insurance and other benefits), always within the limits set by our remuneration policy under delegation of the relevant responsibility from our Board of Directors pursuant to Article 3 of Law 3016/2002; (xiii) approves the executives’ promotions to grades higher than that of a “Director”; (xiv) determines, within the range of its own approval powers, the approval limits of the Group’s administrative committees and executives for the issues not related to the credit approval; (xv) informs our Board of Directors, through its Chairman, at least on a quarterly basis, that the Group Executive Committee’s operation is consistent with the business strategy as well as the risk strategy of the Group; and (xvi) approves the initiation of collaborations in the sectors or branches of the economy, on the relevant recommendation of the heads of the responsible business units or support units.

The current composition of the Group Executive Committee, which was elected by the Board of Directors on 4 August 2020, is: Christos Megalou (Chairman), Athanasios Arvanitis, Eleni Vrettou (Member), Theodoros Gnardellis (Member), George Georgopoulos (Member), George Kormas (Member), Vasileios Kountentakis (Member), Dimitrios Mavroyiannis (Member), Emmanouil Bardis, Konstantinos Paschalis (Member) and Ioannis Stamoulis (Member). The Group Executive Committee is supported by Georgios Liakopoulos as Executive Secretary.

Group Internal Audit Unit

The Group Internal Audit Unit of Piraeus Holdings exercises high supervision of our Group’s internal audit activity, while it is overall responsible for our entire internal audit function.

The Group Internal Audit Unit has its own annual audit plan and annual budget, which is submitted for approval to the Board of Directors through the Audit Committee and is administratively independent from other units and abstains from any executive and operational responsibilities. It also occupies full-time staff on an exclusive basis, not reporting to any other unit while any transfer of a member of its staff to other unit is subject to the Chief Audit Officer's approval and notification of the Audit Committee.

The planning of audit engagements is the outcome of a risk assessment process. The audit cycle, within which the audit areas are covered depending on the significance of the respective risk, is determined. The audit cycle is approved and amended only upon decision of the Audit Committee.

The Group Internal Audit Unit assesses, *inter alia*, whether (i) the risks related to the achievement of the strategic objectives are appropriately identified and managed; (ii) the staff actions comply with the established policies, procedures as well as the applicable laws, regulations and governance standards; (iii) operations are carried out effectively and efficiently; (iv) financial or non-financial information and the means used to identify, measure, analyse, classify, and report are reliable, accurate and complete; and (v) resources and assets are used effectively, efficiently and safely.

Chief Audit Officer

Piraeus Financial Holdings appointed Mrs. Pavlina Vitzilaïou as Chief Audit Officer on 30 December 2020.

The Chief Audit Officer is appointed by our Board of Directors, following relevant proposal of the Audit Committee, is employed on a full-time and exclusive basis, is personally and functionally independent and objective, and has a sound background and adequate professional experience. The Chief Audit Officer reports functionally to our Board of Directors through the Audit Committee and administratively to the Chief Executive Officer.

Mrs. Pavlina Vitzilaïou is employed by Piraeus Holdings on a full-time and exclusive basis, has a sound background and adequate and extensive professional experience in internal audit and advisory risk services. She holds a Bachelor in Business Administration (Deree College) and a Master of Science in Management (University of Surrey, UK). She is certified fraud examiner (CFE—ACFE), certified in risk management assurance (CRMA—IIA).

The Internal Audit Unit of Piraeus Holdings is governed by the Internal Audit Charter, which sets out and illustrates the principles and the framework governing the internal audit activity in Holdings and was approved by our Board of Directors on 25 February 2021.

The Internal Operating Regulation of Piraeus Holdings, which includes the necessary rules and regulates the required procedures to ensure the orderly functioning of Piraeus Holdings' internal control was approved and entered into force pursuant to the resolution of No. 1351/25.09.2014 of our Board of Directors.

Our most significant subsidiary, Piraeus Bank, is subject to its own corporate governance structure in compliance with the applicable regulatory framework for credit institutions and such structure is, for information purposes, presented in section "*Elements of Regulatory Framework—Management and corporate governance of Piraeus Bank Société Anonyme*".

7.2 Statements of the Members of the Board of Directors, the Board of Directors' Committees and the Group Executive Committee of Piraeus Holdings

The members of our Board of Directors, the Board of Directors' Committees and the Group Executive Committee have made the following statements:

- They do not engage in professional activities that are significant to Piraeus Holdings other than those associated with their position and/or capacity in Piraeus Holdings and those associated with their position as partners and/or members in administrative, management and supervisory bodies of the companies and/or partnerships mentioned below.
- There are no family relations between the members of the administrative, management and supervisory bodies of Piraeus Holdings.

- As at the Date of the Prospectus, they are not members of an administrative, management and supervisory body or shareholders or partners of other companies or partnerships, other than the following:

Full Name	Company/Partnership	Position	Partner/Shareholder
George Handjinicolaou	ETOLIAN CAPITAL MANAGEMENT, LLC	—	Shareholder
	HELLENIC EXCHANGES—ATHENS STOCK EXCHANGE S.A.	Chairman of the Board of Directors, Non-Executive	—
	GREEK CENTRAL SECURITIES DEPOSITORY S.A.	Chairman of the Board of Directors, Non-Executive	—
	HELLENIC BANK ASSOCIATION	Chairman of the Board of Directors	—
	ENEX CLEAR	Non-Executive Member of the Board of Directors	—
	OLYNTOS PARTNERS, LLC	—	Shareholder
	ML INSIGHT CAPITAL PARTNERS IV, LLC	—	Shareholder
	GEORGE & JUDITH HANDJINICOLAOU FOUNDATION	—	Trustee
	KONSORTIUM CAPITAL PARTNERS, LLC	—	Shareholder
	LAMIFIL NV	Non-Executive Member of the Board of Directors	—
Karel De Boeck	LESSIUS NV	Non-Executive Member of the Board of Directors	—
	WILLEMEN GROEP NV/SA	Non- Executive Member of the Board of Directors	—
	WILLEMEN CONSTRUCT NV/SA	Non-Executive Member of the Board of Directors	—
	WHITE ART CENTRE CV	Statutory Executive	Shareholder
Christos Megalou	LA TEGOLAIA SRL	Statutory Executive	Shareholder
	TITE STRATEGY LIMITED	—	Shareholder
	SAFE BULKERS INC.	Non-Executive Member of the Board of Directors	—
Vasileios Koutentakis	IVORY MARITIME INC	—	Shareholder
Venetia Kontogouri	KAIZEN	—	Option Holder
Arne Berggren	VENKON GROUP LLC	Managing Director	Shareholder
	BANK OF CYPRUS	Independent	—
		Non-Executive Member of the Board of Directors	—
	TBC BANK	Independent	—
Enrico Tommaso Cucchiani	EUSTICON	Executive Board Member	Shareholder
	BOCCONI UNIVERSITY	Member of the Board of Directors	—
	TGI LLP (UK)	Non-Executive Member of the Board of Directors	—
	RSA PLC GROUP (UK)	Non-Executive Member of the Board of Directors	—
	JAROTTE BOCCONI FOUNDATION	Member of the Board of Directors	—

Full Name	Company/Partnership	Position	Partner/Shareholder
David Hexter	AMICI NORMALE DI PISA UNIVERSITY	Member of the Board of Directors	—
	U.S.- ITALY COUNCIL	Member of the Board of Directors	—
	TRILATERAL COMMISSION	Member of the Board of Directors	—
	WEIZMANN INSTITUTE	Member of the Board of Directors	—
	S.RAFFAELE HOSPITAL	Chairman	—
	SANTANDER BANK POLSKA	Member of the Supervisory Board	—
Solomon Berahas	PRIVATE EQUITY NEW MARKETS—COPENHAGEN	Non-Executive Chairman of the Supervisory Board	—
	TIRESIAS S.A.	CEO and Managing Director	—
	ELEPAP	Member of the Board of Directors	—
Andrew Panzures Anne Weatherston	REHABILITATION FOR THE DISABLED ASSOCIATION OF S.A. & LIMITED LIABILITY COMPANIES	Member of the Board of Directors	—
	INTERAUDI BANK USA	Board Director	—
	ARCHA NEO-BANK	Board Director	—
Alexander Blades Periklis Dontas	MINT PAYMENTS	Board Director	—
	ALBA BANK	Board Director	—
	PAULSON & CO INC	—	Partner
Athanasios Arvanitis Eleni Vrettou	FF GROUP	Independent, Non-Executive Member of the Board of Directors	—
	—	—	—
	STARBULK CARRIERS CORPORATION	Independent, Non-Executive Member of the Board of Directors	—
Theodoros Gnardellis	INTRUM HELLAS A.E.D.A.D.P.	Member of the Board of Directors	—
George Georgopoulos	INTERCONTINENTAL INTERNATIONAL “ICI” REIC	Non-Executive Member of the Board of Directors	—
George Kormas	TRASTOR REIC	Non-Executive Member of the Board of Directors	—
Dimitrios Mavroyiannis	INTRUM HELLAS A.E.D.A.D.P.	Vice Chairman of the Board of Directors	—
	EXODUS SA	Chairman of the Board of Directors	—
Emmanouil Bardis	—	—	—
Konstantinos Paschalis	—	—	—
Ioannis Stamoulis	—	—	—

- They were not members of an administrative, management or supervisory body or shareholders or partners in a company or partnership other than Piraeus Holdings and its subsidiaries at any time during the last five years, other than the following:

Full Name	Company/Partnership	Position	Partner/Shareholder
George Handjinicolaou	ETOLIAN CAPITAL	—	Shareholder
	MANAGEMENT, LLC	—	Shareholder
	ML INSIGHT CAPITAL PARTNERS IV, LLC	—	Shareholder
	OLYNTOS PARTNERS, LLC	—	Shareholder

Full Name	Company/Partnership	Position	Partner/Shareholder
	HELLENIC EXCHANGES—ATHENS STOCK EXCHANGE S.A.	Chairman of the Board of Directors, Non-Executive	—
	GREEK CENTRAL SECURITIES DEPOSITORY S.A.	Chairman of the Board of Directors, Non-Executive	—
	HELLENIC BANK ASSOCIATION	Chairman of the Board of Directors, Non-Executive	—
	ENEX CLEAR	Non-Executive Member of the Board of Directors	—
	GEORGE & JUDITH HANDJINICOLAOU FOUNDATION	—	Trustee
	INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION	Deputy CEO and Member of the Board of Directors	—
	KONSORTIUM CAPITAL PARTNERS, LLC	—	Shareholder
Karel De Boeck	BOEK.BE	Chairman of the Board of Directors, Non-Executive	—
	LAMIFIL NV	Non-Executive Member of the Board of Directors	—
	LESSIUS NV	Non-Executive Member of the Board of Directors	—
	ASWEBO NV	Non-Executive Member of the Board of Directors	—
	WILLEMEN GROEP NV/ SA	Non-Executive Member of the Board of Directors	—
	WILLEMEN CONSTRUCT NV/SA	Non-Executive Member of the Board of Directors	—
	WHITE ART CENTRE CV	Statutory Executive	Shareholder
	LA TEGOLAIA SRL	Statutory Executive	Shareholder
	DEXIA GROUP, DEXIA NV, BELGIUM	CEO	—
	DEXIA GROUP, DEXIA CREDIT LOCAL S.A. FRANCE	CEO	—
Christos Megalou	TITE STRATEGY LIMITED	—	Shareholder
	SAFE BULKERS INC.	Non-Executive Member of the Board of Directors	—
Vasileios Koutentakis	IVORY MARITIME INC	Director	Shareholder
	ASPASIA	—	Shareholder
	SHAREHOLDERS LTD	—	Shareholder
	CONTAINERS SHAREHOLDERS TRINITY LTD	—	Shareholder
Venetia Kontogouri	KAIZEN	—	Option Holder
	VENKON GROUP LLC	Managing Director	Shareholder
	MONTEREY CAPITAL	Managing Director	Shareholder
	BULGER CAPITAL	Member of the Board of the Directors	Shareholder

<u>Full Name</u>	<u>Company/Partnership</u>	<u>Position</u>	<u>Partner/Shareholder</u>
Arne Berggren	BANK OF CYPRUS	Independent Non-Executive Member of the Board of Directors	—
	TBC BANK	Independent Non-Executive Member of the Board of Directors	—
	EUSTICON	Executive Board Member	Shareholder
Enrico Tommaso Cucchiani	BOCCONI UNIVERSITY	Member of the Board of Directors	—
	JAROTTE BOCCONI FOUNDATION	Member of the Board of Directors	—
	AMICI NORMALE DI PISA UNIVERSITY	Member of the Board of Directors	—
	U.S.-ITALY COUNCIL	Member of the Board of Directors	—
	TRILATERAL COMMISSION	Member of the Board of Directors	—
	WEIZMANN INSTITUTE	Member of the Board of Directors	—
	S.RAFFAELE HOSPITAL TGI LLP (UK)	Chairman	—
	RSA PLC GROUP (UK)	Non-Executive Member of the Board of Directors	—
David Hexter	SANTANDER BANK POLSKA	Member of the Supervisory Board	—
	PRIVATE EQUITY NEW MARKETS—	Non-Executive Chairman of the Supervisory of Directors	—
	COPENHAGEN	Non-Executive Member of the Board of Directors	—
	TRANS TELECOM—ASTANA, KAZAKHSTAN	Non-Executive Member of the Board of Directors	—
Solomon Berahas	TIRESIAS S.A.	CEO and Managing Director	—
	ELEPAP REHABILITATION FOR THE DISABLED	Member of the Board of Directors	—
	ASSOCIATION OF S.A. & LIMITED LIABILITY COMPANIES	Member of the Board of Directors	—
Andrew Panzures	INTERAUDI BANK USA	Board Director	—
Anne Weatherston	ARCHA NEO-BANK	Board Director	—
	MINT PAYMENTS	Board Director	—
	ALBA BANK	Board Director	—
Alexander Blades	PAULSON & CO INC	—	Partner
Periklis Dontas	FF GROUP	Independent, Non-Executive Member of the Board of Directors	—
Athanasios Arvanitis	—	—	—
Eleni Vrettou	STARBULK CARRIERS CORPORATION	Independent, Non-Executive Member of the Board of Directors	—

<u>Full Name</u>	<u>Company/Partnership</u>	<u>Position</u>	<u>Partner/Shareholder</u>
Theodoros Gnardellis	INTRUM HELLAS A.E.D.A.D.P.	Member of the Board of Directors	—
George Georgopoulos	INTERCONTINENTAL INTERNATIONAL “ICI” REIC	Non-Executive Member of the Board of Directors	—
George Kormas	TRASTOR REIC	Non-Executive Member of the Board of Directors	—
	ALPHA INVESTMENT PROPERTY ELEONAS S.A.	Vice President	—
Dimitrios Mavroyiannis	INTRUM HELLAS A.E.D.A.D.P.	Vice Chairman of the Board of Directors	—
	EXODUS S.A.	Chairman of the Board of Directors	—
Emmanouil Bardis	OKTA & OIL REFINERYM SKOPJE, NORTH MACEDONIA	Independent Member of the Board of Directors	—
	VARDAX SA-THESSALONIKI SKOPJE NORTH MACEDONIA	Independent Member of the Board of Directors	—
Konstantinos Paschalis	—	—	—
Ioannis Stamoulis	—	—	—

- There has been no convictions by a criminal court against them in relation to fraudulent offences for at least the previous five years.
- They have not been involved in any bankruptcy, receivership, liquidation or forced administration proceeding, pending or in progress, during at least the past five years in their capacity as members of the administrative, management or supervisory body of the company or partnership involved or as senior managers of such companies or partnerships.
- They have not been charged with any public incrimination and/or sanction by the statutory or regulatory authorities (including any designated professional bodies) nor have they been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in the management or the conduct of the affairs of an issuer for at least the last five years.
- Their duties carried out on behalf of and arising out of their position in Piraeus Holdings do not result in any existing or potential conflict with their private interests or other duties.
- Their selection and placement in the aforementioned positions are not the result of any arrangement or understanding with the any major shareholders, customers and suppliers of Piraeus Holdings or other persons, except for Mr. Periklis Dontas, who serves as representative of the HFSF in accordance with the HFSF Law and the Relationship Framework Agreement.
- Upon their own declaration, they do not hold (directly or indirectly) as at the Date of the Prospectus shares and voting rights in Piraeus Holdings, before the Reverse Split, other than the following:
 - (i) Christos Megalou, CEO and Chairman of the Group Executive Committee, holds 100,000 Ordinary Shares;
 - (ii) Georgios Georgopoulos, Group CHRO and Executive General Manager of the Group Executive Committee, holds 10,000 Ordinary Shares; and
 - (iii) Athanasios Arvanitis, Group Chief Treasurer and Executive General Manager of the Group Executive Committee, holds 20 Ordinary Shares.

8. MAJOR SHAREHOLDERS

8.1 Major shareholders

The table below sets out Piraeus Holdings' shareholding structure after the Reverse Split on the commencement date of trading of our Ordinary Shares in the ATHEX on 19 April 2021:

<u>Shareholders</u>	<u>Number of shares</u>	<u>% percentage</u>
HFSF	30,895,478	61.34%
Other Shareholders < 5%	19,471,745	38.66%
Total	50,367,223	100.00%

Source: shareholders' register (after the Reverse Split on the commencement date of trading of our Ordinary Shares in the ATHEX on 19 April 2021).

To the knowledge of Piraeus Holdings, based on the announcements received up to 13 April 2021 pursuant to Regulation (EU) No. 596/2014, Law 3556/2007 and the HFSF Law, other than HFSF (which holds Ordinary Shares representing 61.34% of the total voting rights of Piraeus Holdings as at 13 April 2021), there is no natural person or legal entity that holds, directly or indirectly, Ordinary Shares representing 5% or more of the total voting rights in Piraeus Holdings. On 18 January 2021, Piraeus Holdings announced the following:

"Piraeus Financial Holdings S.A. ("the Company") announces, pursuant to the provisions of L.3556/2007, as in force, and following relevant notification from the Hellenic Financial Stability Fund dated January 15th, 2021, that the latter received 394,400,000 new common registered voting shares, resulting from the conversion of contingent convertible bonds of €2,040,000,000 total nominal value pursuant to the provisions of the relevant Contingent Convertible Bonds Issuance Programme dated 2 December 2015 and Cabinet Act 36/2.11.2015. The Hellenic Financial Stability Fund holds directly as of January 14th, 2021, 509,775,400 common registered voting shares in total, of a nominal value of €6.00 each, which correspond to 61.34% of the total number of common shares of the Company. From the total number of shares that the Hellenic Financial Fund holds, 2,042,067 shares have limited voting rights pursuant to the provisions of article 7a of L.3864/2010, as in force".

As a result of the HFSF's current shareholding in Piraeus Holdings of 61.34% and its veto and consent rights under the HFSF Law and the Relationship Framework Agreement, the HFSF may exercise significant influence over certain corporate actions requiring shareholder approval, the functioning and decision making of our Board of Directors, our business, strategy and future prospects. For more information on certain special rights of HFSF as a major shareholder, please see *"Elements of the Regulatory Framework—The HFSF—Special Rights of the HFSF"* and *"Elements of the Regulatory Framework—The HFSF—The Relationship Framework Agreement"*. Pursuant to Article 10 of the HFSF Law, in exercising his or her rights thereunder, the HFSF's representative at the Board of Directors of each of Piraeus Holdings and Piraeus Bank should take into account the business autonomy of the entity concerned. The general principles and policies, including corporate governance principles, stewardship policy and voting policy that the HFSF applies in connection with the institutions in which it participates are available on its website (<https://hfsf.gr/en/our-portfolio/principles-policies>).

We are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of Piraeus Holdings.

In a letter addressed to the Issuer, the HFSF expressed full support for the Share Capital Increase and communicated its decision to subscribe for the acquisition of such number of New Shares that will result, following the completion of the Share Capital Increase, in the HFSF holding between a minimum of 27.0% and a maximum of 33.0% of the total number of ordinary voting shares of the Issuer, including those with restricted voting rights.

In establishing the allocation of New Shares to the HFSF as set out above, the Issuer will take into account, in consultation with the Joint Global Coordinators, among other criteria, the size of the total demand from private investors, the issue price, and other qualitative criteria, it being understood that the percentage of the total number of ordinary voting shares of the Issuer owned by the HFSF (including those with restricted voting rights) will be at least 27.0%.

New Shares that the HFSF may acquire in the context of the Share Capital Increase will confer to the HFSF full voting and ownership rights in Piraeus Holdings, like any other holder of Ordinary Shares. However, under

Article 8, paragraph 8(d) of the HFSF Law, such New Shares so acquired by the HFSF will neither (i) confer to the HFSF the special rights set forth in Article 10 of the HFSF Law, such as the right to appoint a representative at the Board of Directors of each of Piraeus Holdings or Piraeus Bank with the veto rights described in “*Elements of the Regulatory Framework—Special Rights of the HFSF*”, nor (ii) taken into account for the purposes of applying paragraph 1 of Article 16C of the HFSF Law prohibiting the acquisition of treasury shares by Piraeus Holdings or the Piraeus Bank and determining the duration of the Relationship Framework Agreement which remains effective for so long as the HFSF holds Ordinary Shares (see section “*Elements of the Regulatory Framework—The HFSF—The Relationship Framework Agreement*”). Notwithstanding the foregoing, the HFSF will maintain all such special rights in respect of its remaining Ordinary Shares (other than New Shares) and its consent and other rights under the Relationship Framework Agreement, and this will enable the HFSF to continue exercising significant influence over our functioning, business, strategy and prospects.

As at 31 December 2020, our outstanding paid-up share capital amounted to €2,619,954,984 divided into 436,659,164 dematerialised registered ordinary shares with voting rights of a nominal value of €6.00 per share. Moreover, as a result of the conversion of the Contingent Convertible Bonds and completion of our share capital increase inherent thereto, as at 4 January 2021, our share capital amounted to €4,986,354,984 divided into 831,059,164 Ordinary Shares. In addition, following completion of our Reverse Split and Share Capital Decrease approved by our extraordinary General Meeting on 7 April 2021, our outstanding paid-up share capital currently amounts to €50,367,223 and is divided into 50,367,223 Ordinary Shares, each having a nominal value of €1.00, which will also be the nominal value of the New Shares.

8.2 Treasury shares

Pursuant to the provisions of Article 16C, paragraph 1 of the HFSF Law, during the participation of the HFSF in the share capital of Piraeus Holdings, neither Piraeus Holdings nor the Bank is permitted to acquire treasury shares without the prior approval of the HFSF.

Our purchases and sales of Ordinary Shares during 2020, as well as the Ordinary Shares that we own as at 31 December 2020, are related to transactions that are carried out by our subsidiary, Piraeus Securities S.A., through its activities, which are derived from its role as a market maker. As at 31 December 2020, Piraeus Securities S.A. held 555,321 of the Ordinary Shares with total nominal value of €3,331,926.

9. RELATED PARTY TRANSACTIONS

9.1 Related party transactions

Other than those disclosed under Note 45 of our annual audited consolidated financial statements as at and for the year ended 31 December 2020, Piraeus Holdings has declared that there have been no other transactions with related parties under Articles 99 *et seq.* of Law 4548/2018, namely with related parties as such term is defined by IAS 24, and with legal entities controlled by them, in accordance with IAS 27 and IFRS 10, apart from the related party transactions from 1 January to 28 February 2021, as set out below, in accordance with Commission Delegated Regulation (EU) 2019/980, as in force, and that all transactions with related parties have been concluded on market terms.

Related parties include (i) members of our Board of Directors and our key management personnel; (ii) close family members of and persons financially dependants (spouses, children, etc.) from members of our Board of Directors and key management personnel; (iii) companies engaging in transactions with Piraeus Holdings, if the total cumulative participating interest (of members of the Board of Directors, key management personnel and their dependants or close family) cumulatively exceeds 20%; (iv) Piraeus Holdings' subsidiaries; (v) Piraeus Holdings' associates; (vi) Piraeus Holdings' joint ventures; and (vii) the HFSF which, in accordance with IAS 24, is a related party of Piraeus Holdings as a result of the recapitalisation in the context of the HFSF Law. Related parties do not include companies to which the HFSF may be considered a related party.

Transactions with related parties are made on an arms'-length basis. Loans and letters of guarantee issued in favour of related parties represent a negligible part of the total loans and letters of guarantee issued by the Bank. Loans and letters of guarantee in favour of related parties are issued in accordance with our credit policies and procedures, adequately collateralised, and the risk of non-repayment is in line with the ordinary course of business.

Related party transactions from 1 January 2021 to 28 February 2021 are presented in the tables below.

(€ in thousand)	28 February 2021	
	Key Management Personnel	Other related parties
Loans and advances to customers at amortised cost (gross carrying amount)	6,233	33
Due to customers	1,993	163
(€ in thousand)	1 January 2021–28 February 2021	
	Key Management Personnel	Other related parties
Interest and similar income	5	2
Interest expense and similar charges	0	0

Source: internal management accounts.

Members of the key management personnel benefits

(€ in thousand)	1 January 2021–28 February 2021
Short-term benefits	887
Termination benefits	—
Contributions to the Institution for Occupational Retirement, Life and Medical Provision	16
Post-employment benefits	8

Source: internal management accounts

The aggregate provisions for post-employment benefits to key management personnel as at 28 February 2021 amounted to €2 million.

The ECL allowance for impairment on loans and advances to customers at amortised cost granted from the Group to the key management personnel and other related parties as at 28 February 2021 amounted to €4 million.

As of 28 February 2021, our key management personnel hold 110 thousand Ordinary Shares of Piraeus Holdings.

9.2 Associates

The transactions with associates from 1 January 2021 to 28 February 2021 are presented below:

(€ in thousand)	28 February 2021
Loans and advances to customers at amortised cost (Gross carrying amount)	1,112,011
Other	4,895
Due to customers	121,825
Other liabilities	62,522
	1 January 2021– 28 February 2021
Total expense and capital expenditure	(27,060)
Total income	8,611

Source: internal management accounts.

The ECL allowance for impairment on loans and advances to customers granted from the Group to associate companies as at 28 February 2021 amounted to €183 million.

Letters of guarantee to associates of the Group as at 28 February 2021 amounted to €13 million.

“Other liabilities” of the Group as at 28 February 2021 include an amount of €3 million, which is related to lease liabilities of real estate of the Group’s associates, according to IFRS 16.

9.3 Joint ventures

The transactions with joint ventures from 1 January 2021 to 28 February 2021 are presented below:

(€ in thousand)	28 February 2021
Loans and advances to customers at amortised cost (gross carrying amount)	53,845
Due to customers	26
	1 January 2021– 28 February 2021
Total income	87

Source: internal management accounts.

The ECL allowance for impairment on loans and advances to customers at amortised cost granted from the Group to joint ventures as at 28 February 2021 amounted to €41 million.

To the best of our knowledge, there are no material related party transactions to be reported from 1 March 2021 to the Date of the Prospectus.

10. INFORMATION ON THE CAPITAL OF THE GROUP

The figures presented in the tables in this Prospectus derive from our annual audited consolidated financial statements as at and for the year ended 31 December 2020 and information provided by Piraeus Holdings. In such instances, the relevant source is explicitly stated. Certain financial and other information presented in this Prospectus has been prepared on the basis of our own internal accounts, statistics and estimates, and has not been subject to any review by our statutory auditors. In such instances, the relevant source is explicitly stated.

10.1 Capital management

As at 31 December 2020, the share capital of Piraeus Holdings amounted to €2,619,954,984, consisting of 436,659,164 Ordinary Shares, with a par value of €6.00 each. As a result of the conversion of the Contingent Convertible Bonds and completion of our share capital increase related thereto, as at 4 January 2021, our share capital amounted to €4,986,354,984, consisting of 831,059,164 Ordinary Shares. In addition, following completion of our Reverse Split and Share Capital Decrease approved by our General Meeting on 7 April 2021, our outstanding paid-up share capital currently amounts to €50,367,223 and is divided into 50,367,223 Ordinary Shares, each having a nominal value of €1.00, which will also be the nominal value of the New Shares.

Following the activation of the SSM on 4 November 2014, we became subject to the direct supervision of the ECB. From 1 January 2014, for the purposes of capital adequacy, we are subject to the CRD IV new regulatory framework which consists of the CRD IV, transposed into Greek law pursuant to the Banking Law, and the CRR, as amended. CRD IV is intended to implement the Basel III agreement in the EU. The CRD IV regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to the undertaken risks. The minimum capital adequacy ratios pursuant to Article 92 of the CRR are 4.5% for Common Equity Tier 1 ratio, 6% for Tier 1 ratio and 8% for total capital ratio.

The ECB requires each institution to maintain a minimum level of regulatory capital related to the undertaken risks. Capital adequacy is frequently monitored by the responsible department and submitted on a monthly basis to the ECB.

Further to the conclusion of the SREP, the ECB informed the Group of its OCR, valid from 2021, not taking into account mitigating measures for the COVID-19 pandemic. According to the decision, we would have to maintain on a consolidated basis and on an individual basis a total SREP capital requirement (TSCR) of 11.25% and an OCR of 14.25% (31 December 2019:14.00%), which includes: (i) the minimum Pillar I total capital requirements of 8.00% as per Article 92(1) of the CRR; (ii) the additional Pillar II capital requirement of 3.25% as per Article 16(2) of Regulation No. 1024/2013/EU; (iii) the fully loaded capital conservation buffer of 2.50% as per the CRR; and (iv) the transitional Other Systemically Important Institutions (O-SSI) capital buffer of 0.50% under Law 4261/2014. On 12 March 2020, the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to (i) operate temporarily below the level of capital defined by Pillar 2 Guidance (as we may operate up to the third quarter of 2021), the capital conservation buffer and the LCR and (ii) use capital instruments that do not qualify as CET1 (for example Additional Tier 1 and Tier 2 capital instruments) to meet Pillar 2 Guidance (anticipating the entry into force of Article 104 of CRR II).

The amount of DTAs included in the Group's regulatory capital in accordance with the provisions of Article 27A of Law 4172/2013 (as amended from time to time) regarding the voluntary conversion of DTAs arising from temporary differences into final and settled claims against the Greek state amounted to €3.7 billion as at 31 December 2020.

EBA launched on 29 January 2021 the 2021 EU-wide stress tests. The ECB also announced that it plans to conduct its own stress test for 53 banks it directly supervises but which are not included in the EBA-led stress test sample, such as Piraeus Bank Société Anonyme. Results of such stress tests are expected to be announced in July 2021. According to the ECB press release, this exercise will be consistent with the EBA's methodology and apply the same scenarios, while also including proportionality elements as suggested by the overall smaller size and lower complexity of these banks. The basis for the stress test that the EBA is performing are the consolidated financial statements as at and for the year ended 31 December 2020. The results of both the stress tests will be used to assess each bank's Pillar 2 capital needs in the context of the SREP. Furthermore, they will support macroprudential tasks and the ECB will assess the macroprudential implications of the exercise for the Euro area.

For the purposes of capital adequacy, we apply the standardised approach for the calculation of capital requirements against credit risk, market risk and operational risk. The capital adequacy ratio is specified as the

regulatory capital to the total risk weighted assets and off-balance sheet items. The legislative and regulatory capital framework requires that we hold adequate regulatory capital to cover the minimum capital requirements established by the CRR, the CRD and any additional requirements based on the SREP conducted pursuant to Article 97 of the CRD.

Our main objectives relating to the capital adequacy management are the following:

- to comply with the regulatory requirements against the undertaken risks according to the regulatory framework;
- to preserve our ability to continue unhindered its operations;
- to retain a sound and stable capital base in order to support our management business plans; and
- to support and enhance infrastructure, systems and methodologies to adequately meet supervisory and regulatory compliance requirements in Greece and abroad.

Our regulatory capital, as defined in the CRR, as amended, is comprised of Tier 1 and Tier 2 capital.

Tier 1 capital is the sum of Common Equity Tier 1 capital and Additional Tier 1 capital. Common Equity Tier 1 capital includes:

- shareholders' equity (common shares) and share premium;
- contingent convertible bonds;
- reserves and the value adjustments of the balance sheet items; and
- retained profit or loss and minority interests.

Treasury shares are excluded from CET 1 capital.

Regulatory adjustments on Common Equity Tier 1 capital, as defined in the CRR, as amended, include:

- intangible assets, including goodwill;
- deferred tax assets relying on future profitability;
- direct, indirect and synthetic holdings of CET instruments of financial sector entities where the institution has an investment in those entities; and
- part of the minority interests, according to the rules set in Article 84 of the CRR. Additional Tier 1 capital includes hybrid instruments issued by the Bank or its subsidiaries. Tier 2 capital includes subordinated loans with a fixed-term cumulative dividend right.

Additional Tier 1 capital consists of preferred shares and highly contingent convertible securities.

For the calculation of regulatory capital, our own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets and goodwill, the deduction of the revaluation gain of investment property, the deduction of part of the available for sale reserve and the deduction of the proposed distribution of dividend.

The following table sets forth our capital adequacy as at 31 December 2020, as reported to the ECB, and after giving effect to the successful completion of the Share Capital Increase:

(€ in millions)	As at 31 December 2020		
	Actual	Adjusted for the Combined Offering with the Minimum Price of the Price Range	Adjusted for the Combined Offering with the Maximum Price of the Price Range
CAPITAL ADEQUACY			
Capital			
Common Equity Tier 1 capital (CET1) ⁽¹⁾	5,927	7,160	7,348
Tier 1 capital (A) ⁽²⁾	5,927	7,160	7,348
Total Tier 2 capital (B)	889	889	889
Total regulatory capital (A)+(B)	6,816	8,048	8,237
Total risk-weighted assets (on and off-balance sheet items)	43,097	43,433	43,475
Ratios			
Common Equity Tier 1 capital ratio	13.75%	16.5%	16.9%
Tier 1 capital ratio	13.75%	16.5%	16.9%
Total capital ratio	15.82%	18.5%	18.9%

(1) Common Equity Tier 1 capital as defined in the CRR, as amended.

(2) Tier 1 regulatory capital as defined in the CRR, as amended.

Source: data based on our annual audited consolidated financial statements as at and for the year ended 31 December 2020.

As at 31 December 2020, our total capital adequacy ratio and CET1 capital ratio stood at 15.82% and 13.75%, respectively. Our total capital adequacy ratio was 14.92% as at 31 December 2019 and the CET 1 ratio was at 14.05%, covering the OCR level for 2019. Such increase was due to the issuance of €500 million Tier 2 notes in February 2020 and the fact that the 2019 reported capital ratios did not include profits for that period. The increase in 2019 was mainly attributed to the enhancement of organic capital generation, as well as the issuance of €400 million Tier 2 notes in June 2019 (which improved the total capital ratio by circa 80 bps).

As at 31 December 2020, and after giving *pro forma* effect to the successful completion of the Share Capital Increase through the Combined Offering and assuming that the final offering price for the New Shares will be the maximum price of the Price Range, we would have had a phased-in Common Equity Tier 1 ratio of 16.9% and a phased-in total capital ratio of 19% compared to such reported ratios of 13.75% and 15.82%, respectively, as of the same date. Achieving our targeted capital adequacy ratio will depend on the successful and timely completion of our Capital Enhancement Plan NPE Reduction Plan, as well as other factors, including factors beyond our control, all of which are subject to risks and uncertainties as disclosed elsewhere in this Prospectus. See “*Risk Factors—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”, “*—Risks relating to our business—We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*”.

We aim to achieve a single-digit NPE ratio in the next 12 months through the implementation of our NPE Reduction Plan, compared to our NPE ratio of 45% as at 31 December 2020. Our NPE Reduction Plan comprises seven individual projects, each of which is currently at a different stage of implementation, namely the project Phoenix of approximately €1.9 billion gross book value, the project Vega of approximately €4.8 billion gross book value, the project Sunrise 1 of approximately €7.2 billion gross book value, the project Sunrise 2 of approximately €3.8 billion gross book value, the direct sales of NPE portfolios (projects Sunshine and Dory) of approximately €500 million and €600 million gross book value, respectively, and other individual corporate NPEs with gross book value of approximately €300 million. After giving effect to the successful completion of our NPE Reduction Plan, the *pro forma* negative impact on our total capital ratio would have been approximately 6.5 percentage points as at 31 December 2020. This would include a negative income statement effect of approximately €4.1 billion and approximately €11 billion of risk-weighted assets relief, taking into account the applicable regulatory adjustments. For further information on the estimated loss from the sale through the

securitisation of project Vega and project Phoenix portfolios, see “*Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Corrective Note in accordance with paragraph 2 of Article 23 of Law 3556/2007*”. Our ability to complete these projects is subject to inherent risks, many of which are beyond our control. For further information on the risks associated with the execution of projects Phoenix and Vega, see “*Risk Factors—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”.

The estimated capital ratio impact and its aforementioned components are subject to changes related to the determination and valuation of NPE derecognition perimeters, the applicable regulatory adjustments, potential IFRS adjustments and potential associated costs and fees.

The primary objective of our Capital Enhancement Plan is to facilitate the execution of our NPE Reduction Plan. After giving effect to our Capital Enhancement Plan, the *pro forma* positive impact on our total capital ratio would have been approximately 7.3 percentage points as at 31 December 2020, of which approximately 3.1 percentage points are expected to be derived from the successful completion of the Share Capital Increase through the Combined Offering. Following and assuming the execution of the Capital Enhancement Plan and the NPE Reduction Plan, we aim to maintain a total capital ratio around or exceeding 16%. Achieving our targeted capital adequacy ratio will depend on the successful and timely completion of our Capital Enhancement Plan, NPE Reduction Plan, as well as other factors, including factors beyond our control, all of which are subject to risks and uncertainties as disclosed elsewhere in this Prospectus. See “*Risk Factors—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*” and “*—We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*”.

(€ in millions)	As at 31 December	
	2019	2020
Ordinary shares ⁽¹⁾	2,620	2,620
Share premium	13,075	13,075
Contingent convertible bonds	2,040	2,040
Less: Treasury shares	(0)	(1)
Other reserves and retained earnings	(10,355)	(10,687)
Minority interest	115	106
Less: intangible assets	(304)	(234)
Total regulatory adjustments on Core Tier 1 capital	(787)	(992)
Common Equity Tier 1 Capital (CET1)	6,403	5,927
Hybrid capital	—	—
Total regulatory adjustments on Tier 1 capital	—	—
Tier 1 Capital (A)	6,403	5,927
Subordinated debt	394	889
Total regulatory adjustments on Tier 2 capital	—	—
Total Tier 2 Capital (B)	394	889
Total Regulatory Capital (A)+(B)	6,798	6,816
Total Risk-Weighted assets (On and Off-Balance Sheet Items)	45,565	43,097
Core Tier 1 Capital Ratio	14.05%	13.75%
Tier 1 Capital Ratio	14.05%	13.75%
Total Capital Ratio	14.92%	15.82%

(1) Represents our share capital before the Reverse Split.

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

10.2 Sources of funding and capital

We have multiple and diverse sources for financing our assets. In addition to our own funds in the form of equity capital, and our large and diversified depositor base, we have historically had access to the domestic and international interbank and capital markets to raise long-term capital through the issue of debt securities of various types and forms. In the present economic environment, our ability to access these multiple and diverse

sources of liquidity has been significantly restricted. Presently, in addition to our strong depositor base, our main alternative source of liquidity, in line with most other Greek banks, has been the ECB through its collateral-based financing operations.

10.3 Funding sources

The average monthly interest rate on term deposits was 0.18% in December 2020, compared to 0.52% in the corresponding period of 2019.

The deposit outflows that the Greek banking system had experienced during the height of the Greek economic crisis, which consequently stressed the liquidity of the Greek banking system were stabilised in 2017, with an increase of the total amount of deposits at the end of 2017 of 5% compared to total amount of deposits at the end of 2016.

This positive trend was further observed in 2019 and 2020. The total amount of deposits in the Greek domestic market at the end of 2020 and 2019 reached €173.7 billion and €159.1 billion, respectively, rising by 9%, and 4.4% during 2020 and 2019. More specifically, savings deposits grew by 17.5% during 2020, and sight and current deposits grew by 39% over the same period, whilst term deposits decreased by 9.1%.

As at 31 December 2019 and 2020, our ratio of loans to deposits was 79.4% and 76.8%, respectively (excluding the effect of the OPEKEPE seasonal funding facility).

Normalising funding conditions for banks reduced the need for central bank funding in 2019. The reduction of domestic banks' dependence on central bank funding continued in 2019. Additionally, Greek banks have regained access to the international unsecured debt capital markets, with the issuance of our Tier 2 notes in June 2019 and February 2020, and the issuance of Tier 2 notes and a senior green bond by the National Bank of Greece in July 2019 and October 2020. Furthermore, in March and June 2019 meetings, the ECB announced a series of seven quarterly ECB TLTRO III auctions from September 2019 to March 2021, each with a maturity of two years and specific terms. Greek banks have participated in the first auction and are assessing further use of the TLTRO III facility.

Customer deposits are our main funding source, with a balance amounting to €49.6 billion and €47.4 billion as at 31 December 2020 and 2019, respectively.

Securities issued to institutional investors as at 31 December 2020 amounted to €1,404 million, including hybrid and other loan capital amounting to €933 million, as well as senior bonds and securitisations amounting to €471 million. Securities issued to institutional investors as at 31 December 2019 amounted to €895 million, including asset back notes and covered bonds amounted €481 million and Tier 2 notes with a book value of €414 million.

As at 31 December 2020, total Eurosystem funding amounted to €10,988 million. The increase in the funding received from the Eurosystem is attributable to the utilisation of ECB's TLTRO III facility which provided cheap financing to European banks in light of the COVID-19 pandemic.

As at 31 December 2019, total Eurosystem funding amounted to €350 million. The reduction in the funding received from the Eurosystem during 2019 was largely due to the deleveraging of the Group's loan portfolio and the further increase of customer deposits.

In the past, we have used and we continue to use, financing arrangements with institutional investors, such as the EIB, the EBRD, the Institute for Growth (IfG) and others, to provide financing to Greek SMEs and/or our international operations.

10.4 Restrictions on the use of capital

We have undertaken in our agreement with the HFSF to use the European Financial Stability Fund ("EFSF") notes solely for the purposes of obtaining liquidity from the ECB or the Bank of Greece as part of the Eurosystem and for entering into repurchase transactions with market counterparties (ensuring the right of repurchasing the same securities at the term of the relevant repurchase transaction).

In addition, pursuant to the 2020 SREP Decision, Piraeus Bank Société Anonyme is required to obtain ECB's approval prior to making any distribution to its shareholders and to holders of capital instruments, other than shares, insofar as these qualify as CET 1 or Additional Tier 1 capital instruments, where non-payment does not constitute an event of default.

See also *“Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Dividends and dividend policy”*.

10.5 Credit ratings

This Prospectus refers to credit ratings of Piraeus Holdings and Piraeus Bank Société Anonyme, which have been rated by the credit rating agencies Moody's, S&P and Fitch. Each of Moody's, S&P and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009, as amended (the “CRA Regulation”). Moody's, S&P and Fitch are included in the list of registered credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

The most recent credit ratings of Piraeus Holdings by the international ratings agencies are as follows: Moody's as at 4 January 2021 rated us Caa3 (stable outlook) and S&P as at 30 December 2020 rated us B- (stable outlook). The most recent credit ratings of Piraeus Bank Société Anonyme by the international ratings agencies are as follows: Moody's as at 4 January 2021 rated us Caa2; S&P as at 30 December 2020 rated us B-; and Fitch as at 31 December 2020 rated us CCC.

11. RISK MANAGEMENT

All references herein to Bank are to Piraeus Bank Société Anonyme.

The figures presented in the tables in this Prospectus derive from our annual audited consolidated financial statements as at and for the year ended 31 December 2020 and information provided by Piraeus Holdings. In such instances, the relevant source is explicitly stated. Certain financial and other information presented in this Prospectus has been prepared on the basis of our own internal accounts, statistics and estimates, and has not been subject to any review by our statutory auditors. In such instances, the relevant source is explicitly stated.

The recognition and management of risks arising from our activities is a priority in the development of our business strategy. In this regard, a framework for prudent risk management has been established, which is based on supervisory guidelines and best international practices and the guidelines of the Basel Committee for Banking Supervision. Our Board of Directors has full responsibility for the development and supervision of the risk management framework. An overview of our risk management framework and credit risk management is provided in this “Risk Management” section of the Prospectus; for a more detailed discussion of our financial risk management, see Note 5 of our audited consolidated financial statements for the year ended 31 December 2020.

11.1 Risk management framework

Risk Committee

The Risk Committee, appointed by our Board of Directors in accordance with Bank of Greece Governor’s Act 2577/2006, with a mandate to effectively manage all types of risks arising from our activities and ensuring a consistent and uniform assessment and a specialised treatment thereof, as well as to coordinate operations on a Bank and Group level. In particular, the Risk Committee assists the Board of Directors in relation to (i) the existence of an appropriate risk management strategy and the definition of maximum acceptable risk levels, as well as the supervision of their application; (ii) the establishment of principles and rules that will govern risk management as regards the identification, assessment, measurement, monitoring, control and mitigation of risks; (iii) the development of our risk management system and the incorporation of appropriate risk management policies and controls during the business decision-making process; (iv) the compliance of the Group and the Bank through, through strict and reliable procedures, with the requirements of the regulatory framework for risk management functions; and (v) independence, adequacy and effectiveness of the operation of the Bank and the Group Risk Management.

The Risk Committee’s mission is to ensure that Piraeus Holdings and Piraeus Bank Société Anonyme have a well-defined strategy for risk management and risk appetite. The Group and the Bank’s risk appetite is structured through a number of quantitative and qualitative positions for specific risk categories, including special tolerance levels (per portfolio, sector, geographic region, credit standing, etc.). In addition, the Risk Committee ensures that all the forms of risk (including operational risk) in relation to the activity of the Group are covered effectively. Also, it ensures that the Group and the Bank’s risk appetite is clearly communicated to the entire Bank and its subsidiaries and constitutes the basis for the establishment of risk management policies and risk limits at the Group and the Bank. Finally, it ensures the integrated control of risk management, the specialised management of risks and the necessary coordination at the Group and Bank level.

The Risk Committee convenes, upon its Chairman’s invitation, as many times as are considered necessary in order to accomplish its mission, but not less than once a month. Each member of the Committee may request the convocation of the Committee in writing for the discussion of specific issues.

The Group’s CRO is the Head of the Group Risk Management, and is appointed by the Board of Directors of the Bank upon recommendation and endorsement of the Risk Committee. The CRO’s appointment or replacement is communicated to the Bank of Greece and the SSM. The CRO participates in all major executive committees, including the Group Executive Committee, and has a dual reporting line to the Risk Committee and the Bank’s CEO with direct access to the Chairman of the Risk Committee, whenever deemed necessary.

Group Risk Management

The Group Risk Management is independent from the business units of the Group. It carries out responsibilities of risk management and credit risk control in accordance with the Bank of Greece Governor’s Act No 2577/2006 and the Banking Law. The Group Risk Management is responsible for the design,

specification and implementation of the Group's policies on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of the Group's activities for all types of risks. The Group CRO supervises the Group Risk Management and reports to the Risk Committee and through it to the Board of Directors, whereas for typical administrative matters the CRO reports to the CEO. The Group Risk Management is subject to review by the Group Internal Audit as to the adequacy and effectiveness of risk management framework such as policies, methodologies and procedures.

The Group Risk Management develops the strategy, policies and procedures in relation to:

- the identification, assessment, measurement, management/control, monitoring and reporting of potential and actual risk exposures;
- the establishment, allocation and monitoring of appropriate risk limits (*e.g.*, credit, market, liquidity and operational risks) in cooperation with the relevant committees and units of the Group;
- capital management objectives;
- monitoring the implementation of the risk management framework, including the risk and capital strategy, along with the regulatory requirements and the guidelines of Management;
- monitoring the adherence to the approved risk appetite framework on an ongoing basis;
- developing, conducting, monitoring and reporting the Group's Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP");
- the oversight of the alignment of our risk and capital strategy with our business plan, restructuring plan, funding plan, budget, ICAAP, ILAAP and recovery plan;
- producing and reporting the capital adequacy requirements under Pillar I (*e.g.*, credit, market and operational risks);
- documenting and reporting the capital adequacy and risk management regulatory disclosures under Pillar III;
- supervising the development and harmonisation of the subsidiaries' risk management frameworks with the Group's risk management framework and practices;
- developing awareness about risk exposure, promote risk management culture and support in risk matters all units across the Group;
- participating in the development of the Group and the Bank's credit policy, which is approved with the consent of the Group Risk Management;
- leading and coordinating the design and execution of Group-wide solvency stress tests; exercising periodic and/or temporary stress tests with base and adverse scenarios tailored to the nature and scope of the operations of the Group for all types of risk;
- the establishment and validation of loan impairment models (compliant with the IFRS 9 framework);
- developing risk-based pricing models. The assessment of an internal hurdle rate for every investment decision (loan) will be of utmost importance for the Bank and it will contribute towards achieving its goals for sustainable profitability and better understanding of the underlying risks; and
- assessing new products and activities or significant changes to existing ones prior to their introduction.

Taking into consideration the overall mission and objectives of the Group Risk Management, a four-pillar structure was established, with clear and discrete functional areas and responsibilities, comprising:

- *risk*: responsible for the development of the risk management framework (policies, methodologies, models and processes) with respect to credit risk, collateral risk, market, liquidity and asset and liability management related risks;
- *balance sheet and capital planning*: supports the development and implementation of the Group's strategy, aiming at the effective management of risks and balance sheet optimisation;
- *control*: responsible for the identification, monitoring and assessment of all types of risks (credit, market, operational, liquidity, etc.) arising from our activities, through the development, implementation and evaluation of an adequate internal control system (the "ICS"), in order to ensure our safe and efficient operations and the achievement of our business objectives; and
- *analytics*: responsible for undertaking end-to-end holistic analysis with a view to responding to challenges arising within the risk management framework.

Furthermore, in alignment with the Bank-wide implementation of the Group's "Internal Control System Enhancement" initiative, a new Segment Controller role was established with a discrete reporting line to the CRO (segment head).

The Group Credit Unit

The Group Credit Unit constituting the secondary risk assessment during the approval process (first line of defence) is responsible for establishing and updating our credit policy.

Assets/Liabilities Management Committee (ALCO)

ALCO consists of nine members and chaired by our Managing Director and CEO. The members of ALCO are senior general managers, general managers, as well as other senior executives of the Bank. ALCO is supported by an Executive Secretary. ALCO convenes monthly and its main duties are (i) the implementation of our strategy in developing assets and liabilities; (ii) the management of assets and liabilities exercising at the same time a pricing policy in products and services; and (iii) the approval for the introduction of new deposit or loan products, the follow-up of equity adequacy in relation to the risks, the examination of stress test scenarios and the decision making on preserving the available Group's liquidity at acceptable levels.

11.2 Committees

Provisioning Committee: the Provisioning Committee, is responsible for the approval of the quarterly ECL allowances for impairment on loans and advances to customers at amortised cost of the Bank, and, if required, of the Group, as it results from the implementation of the policies and procedures governing the calculation of individual and collective provisions against credit risk. The Provisioning Committee is also mandated to, periodically, and at least annually, review the policies and methodologies (such as parameters, scenarios, weighting of scenarios etc.), which are applied by the Bank for the calculation of provisions. Moreover, the Provisioning Committee is responsible for monitoring the reclassification of exposures, as they result from the implementation of the Group's policies and procedures, the examination and approval of any requests for the exception/override from the relevant classification, following the respective request addressed by the business units.

Market Scenario Steering Committee: the Market Scenarios Steering Committee reviews and approves scenario variables and probability weights derived by our economics and investments strategy. In addition, it reviews and approves temporary adjustments on the credit risk parameters.

Risk Models Oversight Committee: the Risk Models Oversight Committee (RMOC), composed of the CEO and Executive Committee members and chaired by the CRO, is mainly responsible for the implementation of the Model Management and Governance Framework and the review and approval of relevant issues. In particular, the Risk Models Oversight Committee reviews and approves the Model Development Framework, the initiation of the development of new models, as well as the use and the potential removal or replacement of existing ones. Furthermore, it reviews and approves the Model Validation Framework, the Annual Model Validation Plan and the model validation assessments submitted by the Model Validation Unit and monitors the adherence to the timetable for the implementation of respective recommended actions.

We constantly reassess and develop our risk management framework in order to ensure it keeps pace with market dynamics, changes in the banking products offered, supervisory requirements and international best practices.

We systematically monitor the following substantial risks resulting from our business activities and goals: credit risk, market risk, interest rate risk, liquidity risk and operational risk.

11.3 Credit risk

Credit risk management strategies and procedures

The Group engages in activities that can expose it to credit risk. Credit risk is defined as the potential risk of realising financial losses stemming from the possibility that counterparties fail to meet their contractual/transactional obligations. Credit risk is the most significant risk for the Group and therefore its effective monitoring and persistent management constitutes a top priority for senior management.

The Group's exposure to credit risk mainly arises from corporate and retail credit lending, various investments, OTC transactions and derivatives transactions as well as from transaction settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the debtor's financial condition, the amount/type/duration of the relevant exposure and the existence of collateral and guarantees, which the Bank may not be able to assess with accuracy at the time it undertakes the relevant activity.

The implementation of the credit policy that describes the principles of credit risk management of the Group, ensures effective and uniform credit risk monitoring and control. We apply a uniform policy and practice with respect to credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/or renewed at least annually, and the responsible approval authorities are determined based on the size and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (the one obligor principle).

We have also established a credit quality review process to provide early identification of potential changes in the creditworthiness of counterparties, including regular collateral revaluations. Counterparty limits are established by the use of a credit risk classification system, which assigns a risk rating to each counterparty. Risk ratings are subject to regular revision. The credit quality review aims to allow us to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Following the COVID-19 pandemic, we developed and led a series of initiatives targeting to assess the credit risk and effectively manage the credit impact on our loans' portfolio such as the development of COVID-19 related infrastructure to timely monitor and assess evolution, the assessment of financial resilience per economic sector and the engagement in the development of policies, processes and supportive products in accordance with the guidelines of the EBA.

Credit risk measurement and reporting systems

Reliable credit risk measurement is a top priority within our risk management framework. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is an essential condition in order to support management and the business units in relation to decision making, policy formulation and the fulfilment of supervisory requirements in a timely and efficient manner.

Across the Group, common policies and practices are applied with respect to the credit assessment, approval, renewal and monitoring procedures. Credit risk measurement uniformity is achieved through the application of Group-wide policies and methodologies as well as the dissemination and communication of common monitoring and reporting guidelines. We apply two separate and individually tailored credit assessment models for each of our corporate and retail portfolios.

Lending portfolio

For credit risk measurement and monitoring purposes related to the Group's loans and advances to customers at amortised cost, we assess the following at a counterparty level:

- the customer's creditworthiness and the probability of default; and
- the Group's probability of potential recovery, in the event of the debtor defaulting on its obligations, based on existing collateral, security/guarantees provided and curing levels.

We assess the creditworthiness of our borrowers and estimate the probability of default on their obligations by applying credit rating models appropriate for their special characteristics and features taking into account various historical, current and forward-looking information.

Commercial loan portfolio

We apply strictly defined policies and practices regarding the credit assessment, control and monitoring of our commercial portfolio in accordance with our general principles of credit policy. This framework covers all aspects of the credit cycle: the loan request, the assessment, approval and monitoring of the loan and the rescheduling and restructuring and management of arrears and NPEs.

Loan requests from commercial borrowers are submitted to Group Credit, which is responsible for the credit assessment of both large corporate customers and SME customers.

Our corporate lending customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with specific customer relationship policy or guidelines and is presented in our credit policy and practice manual. The rating scale for business borrowers consists of 19 rating grades that correspond to borrowers that have not defaulted on their contractual obligations. The below table presents our policy mapped to each rating scale:

RATING	CREDITWORTHINESS	GUIDELINES OR SUGGESTED POLICY
1-6	Very Strong	Develop relationship
7-10	Strong	Develop relationship
11-12	Good	Develop relationship
13-14	Satisfactory	Carefully develop relationship taking collateral/security or maintain relationship
15-16	Weak	Carefully develop relationship taking strong collateral/security or maintain relationship taking adequate collateral
17-19	Poor	Probable classification as watch list/limit relationship or terminate relationship

GUIDELINES

SUGGESTED POLICY

In addition, we use distinct credit rating models, according to the type of operations and the size, as reflected in the following table:

Credit Category	Rating System	Rating Scale
Business lending	RA for Corporate customers that keep “C” category accounting books and have a turnover more than €2.5 million	19-grade
	RA for Corporate customers that keep “C” category accounting books and have a turnover up to €2.5 million	19-grade
	Small Business Lending Scorecard (small business or personal companies)	Score
	Agricultural Lending Scorecard for agricultures (small business or personal companies)	Score
Specialised lending	Project Finance PD Scorecard	19-grade
	Object Finance (Shipping) Scorecard	19-grade
	Manual Rating	19-grade

Business Rating Models incorporate the following information in order to quantify the client risk:

- historical financial information that includes realised results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client’s financial performance;
- any publicly available information on the clients from external parties. This includes credit bureau information; and
- any other objectively supportable information on the quality and abilities of the client’s management relevant for the company’s performance.

We have developed and applied internal rating systems for specialised lending. In addition, small business borrowers are assessed with internally developed rating and scoring systems that are based exclusively on client behaviour historical data and are the result of the implementation of statistical analysis. These systems are regularly reviewed and optimised to ensure reliability.

Any credit facility requires the approval of at least two authorised signatories (one lending officer and one lending officer) or the appropriate committee. Authority levels and limits are defined by the aggregate credit risk (on a one-obligor basis), the unsecured risk, the borrower’s creditworthiness and classification, as well as the tenor of the credit facility.

Our subsidiaries apply the same approval process in accordance with our credit policy. Each subsidiary may approve credit facilities within the authority granted by our Executive Committee. Credit requests exceeding their authority are submitted to the Bank's appropriate bodies for approval.

Credit reviews take place on an annual basis; high risk borrowers require more frequent assessment. The scope of credit reviews involves:

- re-assessing credit risks;
- re-evaluating collateral/security package vis-à-vis current risks and strengthen as necessary;
- reviewing adherence to the approved loan terms and conditions and/or their amendment, if necessary;
- reviewing usage of limits;
- proposing changes to the amount of risk and type of facilities provided and their respective terms and conditions, as needed; and
- proposing the modification of pricing in accordance with the above.

Adverse economic conditions, combined with the lack of liquidity, have led us to implement a more systematic monitoring of the quality of the commercial portfolio through frequent reassessment of credit relationships and credit limits and re-evaluation of collateral/security. To that end, we:

- apply stricter assessment criteria;
- require additional collateral/security for existing facilities;
- increase pricing in order to balance higher funding cost and risk;
- develop, approve and implement a specific credit policy for management of arrears and NPEs;
- apply stricter procedures for monitoring adversely classified borrowers; and
- review our impairment and provisioning policies, taking into consideration the adverse economic environment.

We restructure or reschedule credit facilities in accordance with relevant policy, taking into account the borrower's financial standing and industry conditions, thus ensuring prompt repayment.

Retail loan portfolio

The establishment of rules and evaluation criteria as well as approval policies for loans to individuals has been of paramount importance to the Bank in recent years.

We apply modern credit risk management methods. We evaluate applicants using application scoring models and have implemented models for the evaluation of existing customers' transactional behaviour (behaviour scoring) for each product and on a customer level.

In addition, we have used the credit bureau scoring model of Teiresias S.A., which takes into account the total exposure of borrowers in the Greek market. The usage of this particular model has improved the performance of the existing models.

The policy is based on a similar range of credit criteria (apart from the aforementioned credit scoring models), such as:

- age/citizenship/profession;
- minimum income level;
- monthly disposable income;
- loan to income ratio;
- credit history of the customer;
- maximum unsecured exposure;
- maximum levels of LTV (for collateralised loans) combined with the purpose of the loan;
- collaterals and guarantees provided; and
- maximum limits per product.

The most significant elements of our loan evaluation and approval processes as well as recent organisational changes relating to their implementation, are summarised as follows:

Approval checks:

- At least two officers are involved in the credit process;
- We make use of approval levels with diversifying approval limits;
- Application of credit ratings systems for each credit approval request, through evaluation models which take into account the Application Scorecards and the Behavioural Scorecards. The credit bureau scoring model of Teiresias S.A. is also taken into account; and
- Credit approval requests are subject to leverage ratio and LTV criteria, the customer's history with the Bank, anti-fraud authentication of the application information as well as monitoring of any unfavourable data.

Policy/processes:

- Regular review and update of the credit policy in order to remain efficient and safeguard the Bank's interests;
- The existence of a credit limit for the maximum unsecured exposure per customer;
- Personalised pricing policy, taking individualised risk into account; and
- The management of all applications for retail credit products is carried out centrally by Group Credit in order to simplify and standardise processes across the spectrum of Retail Credit.

Systems:

- Implementation of IT systems for the submission of applications with advanced controls leading to a paperless procedure and for the automated evaluation of retail credit and credit card applications.

We have developed modern methods for measuring the credit risk arising from our retail portfolio (*e.g.*, application/behavioural scorecards, models across the credit cycle) to limit line management. We have also put in place collection strategies and legal action strategies.

We have invested considerably over the past few years in implementing a scoring technology and developing our expertise, and we currently preserve high standards in developing, implementing and monitoring scoring systems across the credit cycle. In addition to developing our in-house expertise, we have formed strategic relationships with leading companies worldwide in order to ensure continuous knowledge transfer. Scorecards of client credit assessment in the retail banking portfolio cover different stages of the credit cycle.

(a) Application scorecards

The Application Scorecards are exclusively based on historical data of applications and behaviour and are the result of the implementation of statistical analysis. They are tailored specifically to the Group and the Bank's clients and are customised on a product and purpose basis. This, we have five products—based application scorecards and three purpose—based application scorecards in mortgage/housing loans.

(b) Behavioural scorecards

The Behavioural Scorecards are exclusively based on historical data of client behaviour regarding the Bank's products and are the result of the implementation of statistical analysis. They are tailored specifically to the Bank's clients and are customised on a product and days past due basis.

(c) Internal bureau scorecard

There is also one scorecard regarding the Group and the Bank's clients' behaviour in the market at the moment of the application. This scorecard is exclusively based on historical data and is also the result of the implementation of statistical analysis. It is tailored specifically to the Group and the Bank's clients and is not customised on a product basis.

(d) Overall application scorecards

These are scorecards which are part of the origination process and essentially combine the above three scorecards. Thus, when a client submits an application, his application score, his behaviour score and his Teiresias bureau score are taken into account. These are five scorecards which are customised on a product-category basis, are based on historical data of applications and behaviour and are the result of the implementation of statistical analysis.

The aforementioned internal models comprise the basic factors which are used as inputs in probabilities of default models for the total retail banking portfolio and the business banking portfolio.

(e) Credit bureau scoring

In addition, the Group and the Bank have used the credit bureau scoring model of Teiresias S.A., which takes into account the total exposure of borrowers in the Greek market. The usage of this particular model has improved the performance of the existing models.

The policy that is taken into account in the approval process and determine the willingness as well as the ability of the applicant to fulfil his obligations is also based on a range of credit criteria (apart from the aforementioned credit scoring models), such as: age/citizenship/profession, minimum income level, monthly disposable income, loan to income ratio, credit history of the customer, maximum unsecured exposure, maximum levels of LTV (for collateralised loans) combined with the purpose of the loan, collaterals and guarantees provided and maximum limits per product.

Management regularly validates and tests the predictive ability of the creditworthiness evaluation of rating models (wholesale and retail), thus ensuring its potential of accurately depicting credit risk and allowing for the timely implementation of measures addressing potential problems.

Recovery based on the existing collateral, security and guarantees

Along with the assessment of counterparties' creditworthiness, rating evaluation and during the process of setting and reviewing credit limits, we estimate the recovery rate related to the exposure in the event of default of a debtor based on the existence and the quality of collateral/security or guarantees. In line with standard practice, the lower the rating of a borrower, the greater the collateral/security and guarantees required, so as to maximise the recovery rate in case of default of a borrower on its contractual obligations to us.

Significant increase in credit risk

The assessment of significant increase in credit risk is essential in establishing the point of switching between the requirement to measure an allowance based on twelve-month expected credit loss or based on lifetime ECL. If, following this assessment, a significant increase in credit risk occurs, we recognise a loss allowance amount equal to the ECL amount over the life of that financial instrument. To perform this assessment, we compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Our objective is to capture this significant increase in credit risk prior to the financial asset being treated as credit impaired. The allocation between stages is based on the following criteria:

- if at reporting date, the loan is in NPE status, it is allocated to "Stage 3" and lifetime expected losses are calculated;
- if there has been a significant increase in credit risk at reporting date against the credit risk at the initial recognition date, the loan is allocated to "Stage 2" and lifetime expected losses are calculated; and
- the remainder of the loans are allocated to "Stage 1" and expected credit losses are computed for the next twelve months.

The quantitative and qualitative principles based on which we assess whether there is a significant increase in credit risk for an exposure in our corporate and retail lending portfolios are:

- *the primary principle*: significant increase in the probability of default of the financial instrument at the reporting date compared to the one calculated at the initial recognition date, based on certain absolute (3% to 6.5%) and/or relative (200%) thresholds; and

- *the secondary principles:* existence of forbearance, any behavioural flags (through monitoring the maximum delinquency bucket for the last twelve months), existence of default event over the last twelve months based on the defaulted exposures and watch-list flags. We also use as a backstop rebuttable presumption that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments 30 days or more past due.

In light of the COVID-19 pandemic, we introduced additional criteria for the efficient allocation of the COVID-19 public moratoria, without relaxing any of the existing thresholds. These new criteria take into account probabilities of default, industry characteristics and pre-pandemic performance.

Criteria for assessing ECL allowance of loan and advances to customers at amortised cost on an individual or collective basis

Individually assessed

We prepare a list of accounts for which an individual assessment will be performed in order to assess the expected risk. Assessment at individual level is performed for loans and advances to customers at amortised cost identified as individually significant, provided that they are extended to borrowers whose total loan exposure at the period end reporting date exceeded the amount of €1 million or the equivalent in foreign currency. However, lower thresholds have been established with regard to our subsidiaries. The exposures are classified as NPEs in accordance with our credit policy. Apart from individually significant loans, additional exposures may be individually assessed, irrespectively of their level of exposure, at the discretion of our Provisioning Committee. For a description of the calculation of ECL under the individual assessment, see Note 5 of our annual audited consolidated financial statements for the year ended 31 December 2020.

Collectively assessed

The collective assessment is applied to all other facilities such as to those allocated in stages 1 and 2, as well as to those in stage 3 which have not been subject to individual assessment. For a description of the calculation of ECL under the collective assessment, see Note 5.2 of our annual audited consolidated financial statements for the year ended 31 December 2020.

Securities and other bills

We hold a portfolio of sovereign, bank and corporate debt, including Greek and international bonds. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to our policies and procedures.

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used, such as Moody's, S&P or Fitch. The amount of our exposure to credit risk from debt securities and other bills is monitored for each portfolio category according to the relevant IFRS provisions.

Risk-based pricing

The credit rating models that have been developed and applied in the credit process, play an important role in the development of the relevant methodology of risk-based pricing for the commercial portfolio as well as for the retail portfolio.

Through risk-adjusted pricing, we aim to generate revenue to cover expected and unexpected risks as well as create a complete and correct depiction of profitability for our products and services. Furthermore, we aim to establish a risk management culture at all levels of the Group.

Credit limits management and risk mitigation techniques

Our management applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/or renewed at least annually.

Our management has established a credit quality review process to provide early identification of potential changes in the creditworthiness of counterparties, including regular collateral revaluations. Counterparty limits are established by the use of a credit risk classification system, which assigns a risk rating to each counterparty. Risk ratings are subject to regular revision. The credit quality review aims to allow our management to assess the risks which we are exposed to and plan any corrective actions.

The following paragraphs describe further techniques applied by the Group for credit risk control and mitigation.

Collateral and other credit enhancements

Along with the evaluation of the creditworthiness of counterparties, we estimate the recovery rate when limits are set or reviewed. This estimation is based on the type of debt claim and the existence of any connected collaterals or/and guarantees.

We receive collateral/security from our credit to customers, thus minimising the overall credit risk and ensuring the timely repayment of our debt claims. To this end we have defined categories of acceptable collateral and incorporated them in our credit policy.

The main types of acceptable collateral are the following:

- pledged deposits and cheques;
- mortgages over real estate property;
- Greek government guarantees;
- bank letters of guarantee;
- guarantees by the Hellenic Fund for Entrepreneurship & Development S.A.; and
- pledges on financial instruments such as mutual funds, stocks, bills and receivables.

The valuation of pledged collateral is initially performed during the credit approval process, based on their current or fair value and re-evaluated at regular intervals. The valuation is conducted with the valuation methodologies provided by International Valuation Standards, that is, market approach or comparative method, income approach and cost approach.

As at 31 December 2020, we had a total loan book collateral coverage ratio (including guarantees) of 58.4%, total business loan book collateral coverage of 53.1% and an LTV of 96.7% with respect to our Greek mortgage loan portfolio.

Concentration risk

Concentration risk may arise from various types of portfolio incomplete diversification, such as the concentration risk on large borrowers, economic sectors, geographical areas and types of collateral.

We monitor concentration risk on a regular basis, through a reporting framework which respectively informs senior management and the supervisory authorities. In addition to monitoring supervisory limits, we have set internal limits within the Risk Appetite Framework, which are revised annually.

Country risk

Country risk reflects the risk of loss arising from macro-economic instability, social events or political uncertainty in a country, including nationalisation, expropriation of assets and debt restructuring, affecting our earnings and/or capital. It includes sovereign, transfer and political risks.

Management has established internal country limits within the Risk Appetite Framework, which are revised annually.

Counterparty credit risk

Counterparty credit risk (“CCR”) may arise when the counterparty to a transaction could default before the final settlement of the transaction’s cash flows. It refers to derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.

For the effective management of CCR, we have in place procedures and guidelines for defining, reviewing and monitoring credit limits as well as concentration limits set on a counterparty rating basis. Limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and they are revised at least annually. The counterparty credit limits’ utilisation is monitored on a daily basis.

We also have in place comprehensive and enforceable legal contracts with our counterparties such as the International Swap Derivatives Association Agreement, Credit Support Annex, and Global Master Repurchase Agreement. A master agreement permits the netting of both rights and obligations that arise from derivative transactions that have been performed under such a master agreement upon the counterparty's default, resulting in a single-net claim. Moreover, in order to mitigate settlement risk and under specific transactions and conditions covered within master agreements, payment netting is performed. In order to monitor settlement exposures, we have set daily settlement limits per counterparty.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values. With regard to credit derivatives, we are also exposed to, or protected from, the risk of default of the underlying entity referenced by the derivative. However, to reflect potential losses, we apply portfolio-based adjustments for credit risk. With respect to gross-settled derivatives, we also exposed to a settlement risk, being the risk that we fulfil its obligation, but the counterparty fails to deliver the counter value.

Credit rating models (probability of default)

We consider reliable credit risk measurement as a priority within our Risk Management Framework. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to timely and efficiently support our management and the business units in relation to decision-making, policy formulation and the fulfilment of supervisory requirements.

To that effect, we use our own internal rating models. In particular, we run separate models for our corporate portfolios in which our customers are rated from 1 to 19 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. With regard to our retail portfolio, we run Credit Rating (Scoring) Models that incorporate demographic, behavioural and credit bureau information. These information sources are first used to determine the probabilities of default within the Bank's Basel III framework. The probabilities of default are then adjusted for IFRS 9 ECL calculations in order to incorporate forward-looking information and the IFRS 9 stage classification of the exposures. This process is repeated for each economic scenario as appropriate.

Impairment and provisioning policy

We assess on a regular basis whether there is any objective evidence that a financial asset or group of financial assets is impaired. To this extent and in every financial reporting period, we use an analytical method of calculating the allowance for impairment losses on loans and advances to customers (impairment test) for the purpose of creating adequate provisions coverage for this portfolio, according to IFRS. The allowance for impairments on loans and advances to customers is approved by the Provisioning Committee.

An asset is impaired when its current book value is greater than its expected future recoverable proceeds. The loan's expected future recoverable proceeds consist of (i) the present value of the estimated future cash flows of the financial asset or group of financial assets and (ii) the present value of any liquidated collateral, in the case of the obligor's inability to fulfil its commitments. If there is significant and material evidence that we will not be able to collect all due amounts according to the contractual terms of an agreement, a provision amount is calculated in order to reduce the asset's carrying value. The allowance for impairment on loans and advances to customers is the difference between the asset's current book value and the recovered asset's proceeds.

Objective evidence that a loan or group of loans is impaired or is not collectable includes:

- significant financial difficulty of the issuer or the obligor;
- a breach of contract (default or delinquency in interest or principal payments);
- we grant to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- probability that the borrower will enter bankruptcy or financial reorganisation;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot be attributed to individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group (*i.e.* an increase in the number of late payments due to sector problems), or
- national or local economic conditions correlated to defaults on the assets in the group (*i.e.* an increase in the unemployment rate for a geographical area of borrowers, a decrease in the value of property placed as collateral for the same geographical area, or unfavourable changes in the macroeconomic environment of a sector, which affect the borrowers of this specific type).

Impairment assessment and provisioning is conducted either individually at loan level for all loans that we consider significant or collectively on a group of loans basis, for less material exposures. The assessment of impairment is conducted collectively for loans or group of loans with common risk characteristics that individually are not considered significant. Also, individually assessed loans that are not impaired are included in the collective impairment assessment.

For impairment estimation on a collective basis, financial assets are grouped according to their similar credit risk characteristics (*e.g.*, product, arrears, industry sector, customer segment, collateral type). These characteristics are correlated to the estimation of future cash flow for such groups of assets, indicating the customer's ability to pay amounts due, according to the contractual terms of the financial assets under evaluation.

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of our assets and historical loss experience for assets with similar credit risk characteristics similar to our assets. Historical data are adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical data is based and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reduced and the difference is recognised in the income statement.

Modified and forborne loans

Management applies the "Implementing Technical Standards" (ITS) of the EBA relating to forborne loans.

The alignment of our restructuring policy with the relevant EBA definitions and guidelines of Bank of Greece, was enhanced with the creation of new structures and procedures, development of new information systems and modifications on existing applications, in order to achieve effective and reliable management of past due loans, by performing viable restructurings and monitoring the effectiveness of various types of forbearance.

Forborne loans and advances are defined as exposures arising from loans and advances to customers that have been subject to forbearance measures. The measures are considered by us as a concession to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve modification of contractual terms and conditions and/or refinancing of debts.

Forbearance measures do not lead to derecognition unless the modification changes substantially the loan terms of the original contract. If the Bank's derecognition criteria are met and the derecognised loan is credit impaired, then the new originated loan is recognised as POCI (purchased or originated credit impaired financial assets) and lifetime ECL measurement is applied.

According to the EBA Guidelines, in order for the forborne flag to be removed, all relevant criteria should apply, including the minimum required probation period (at least two years from the date of classification as performing exposure).

In order to achieve greater efficiencies in the management of NPEs, we have entered into the Intrum Transaction.

Write-offs

We write off loans against the expected credit loss allowance, either in the case of:

- irrevocable claims, that is (i) the claims for which all required legal actions, foreclosure procedures and recovery collection efforts against the borrower, co-borrowers or guarantors have been exhausted; (ii) it

is considered that the continuation of in court or out-of-court legal actions are not expected to lead to a positive outcome for us; (iii) the recovery cost is economically less favourable compared to the benefit; or

- uncollectable claims, that is the claims resulting from the difference between the IFRS claim and the sum of the operating cash flows, expected to be received and the cash flows resulting from the liquidation of the collateral/security as well as of any other unencumbered assets of all involved parties.

We proceed to forbearance, resolution and closure treatments with debt forgiveness when the optimum treatment against other alternative forbearance, resolution and closure treatments is proven, within the framework of managing borrowers with financial difficulties.

The Provisioning Committee approves accounting write-offs whilst the Board of Directors or other authorised approval bodies approve debt forgiveness requests.

Accounting write-offs before ECL allowance (excluding write-offs of interest recognised from change in the present value of the ECL allowance) amounted to €1,595 million and €1,557 million as at 31 December 2019 and 2020, respectively. Similarly, accounting write-offs of the ECL allowance (excluding write-offs of interest recognised from change in the present value of the ECL allowance) amounted to €1,595 million and €1,557 million for as at 31 December 2019 and 2020 respectively.

Maximum exposure to credit risk before collateral held or other credit enhancements

The following table presents our maximum credit risk exposure on 31 December 2019 and 2020, without including collateral held or other credit enhancements. For on-balance sheet items, credit exposures are based on their carrying amounts as reported on the balance sheet.

(€ in millions)	As at 31 December	
	2019	2020
Due from banks	1,307	1,258
Derivative financial instruments	479	507
Financial assets at fair value through profit or loss	655	341
Loans and advances to customers at amortised cost	39,162	39,624
Debt securities at FVTOCI	1,437	2,717
Debt securities at amortised cost	1,121	4,964
Loans and advances to customers classified as held for sale	264	181
Other assets	2,304	2,116
Credit commitments	3,452	4,082
Total	50,181	55,790

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

The following tables present the gross amounts of our credit exposures for financial instruments at amortised cost or at fair value through other comprehensive income, as well as the off-balance credit exposures on 31 December 2019 and 2020:

	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
As at 31 December 2019							
Due from banks	1,307	—	—	—	—	—	1,307
Loans and advances to customers at amortised cost	19,979	4,999	7,390	10,431	5,348	2,000	50,148
Retail Lending	6,679	2,819	4,560	425	3,501	119	18,103
Mortgages	5,399	2,236	3,328	351	2,515	86	13,914
Consumer, personal and other	888	441	1,047	73	892	32	3,372
Credit cards	392	143	186	1	93	1	816
Corporate and Public Sector							
Lending	13,300	2,180	2,830	10,006	1,848	1,882	32,046
Large corporate	7,011	865	119	4,104	108	415	12,621

	Stage 1	Stage 2	Stage 3		POCI		Total
As at 31 December 2019			Collective	Individual	Collective	Individual	
SMEs	4,549	1,314	2,711	5,892	1,737	1,467	17,670
Public sector	1,740	1	—	11	3	—	1,754
Debt securities measured at FVTOCI	1,437	—	—	—	—	—	1,437
Debt securities at amortised cost	1,121	—	—	—	—	—	1,121
Reverse repos with customers	38	—	—	—	—	—	38
Other assets—financial assets	646	89	12	447	—	—	1,194
Total on Balance Sheet Credit							
Exposures	24,528	5,088	7,403	10,878	5,348	2,000	55,245
Financial guarantees	2,642	76	304	—	—	—	3,022
Letters of credit	23	—	1	—	—	—	25
Irrevocable undrawn credit commitments	330	55	7	—	12	—	405
Total off Balance Sheet Credit							
Exposures	2,995	132	313	—	12	—	3,452
	Stage 1	Stage 2	Stage 3		POCI		Total
As at 31 December 2020			Collective	Individual	Collective	Individual	
Due from banks	1,258	—	—	—	—	—	1,258
Loans and advances to customers at amortised cost	21,066	5,409	7,125	9,212	5,036	1,680	49,528
Retail Lending	6,505	2,656	4,457	411	3,341	112	17,483
Mortgages	5,264	2,110	3,245	336	2,411	79	13,445
Consumer, personal and other	891	435	1,032	74	841	33	3,307
Credit cards	351	110	179	1	90	1	731
Corporate and Public Sector							
Lending	14,561	2,754	2,668	8,800	1,695	1,568	32,045
Large corporate	7,841	1,151	74	3,317	64	304	12,749
SMEs	5,010	1,603	2,594	5,473	1,628	1,264	17,572
Public sector	1,710	—	—	11	3	—	1,724
Debt securities measured at FVTOCI	2,698	19	—	—	—	—	2,717
Debt securities at amortised cost	4,976	—	—	—	—	—	4,976
Reverse repos with customers	8	—	—	—	—	—	8
Other assets—financial assets	711	70	2	472	—	—	1,256
Total on Balance Sheet Credit							
Exposures	30,717	5,499	7,127	9,684	5,036	1,680	59,743
Financial guarantees	2,846	147	321	—	—	—	3,314
Letters of credit	37	1	2	—	—	—	40
Irrevocable undrawn credit commitments	657	53	6	1	11	1	728
Total off Balance Sheet Credit							
Exposures	3,540	202	328	1	11	1	4,082

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Loans and advances to customers at amortised cost

For credit risk management purposes, we monitor our credit risk exposure on all acquired loans and advances to customers at amortised cost on a gross basis, *i.e.* the exposure at default is grossed up with the PPA adjustment.

Loans and advances to customers at amortised cost on 31 December 2019 and 2020 as summarised as follows:

As at 31 December 2019	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	5,399	2,236	3,679	2,601	13,914
Less: ECL allowance for impairment losses	(2)	(35)	(942)	(707)	(1,686)
Total Mortgages	5,396	2,201	2,737	1,895	12,228
Consumer, Personal and Other Loans					
Gross carrying amount	888	441	1,119	924	3,372
Less: ECL allowance for impairment losses	(28)	(53)	(698)	(571)	(1,350)
Total Consumer, Personal and Other Loans	860	388	422	353	2,022
Credit Cards					
Gross carrying amount	392	143	187	94	816
Less: ECL allowance for impairment losses	(2)	(7)	(159)	(84)	(251)
Total Credit Cards	391	136	28	10	565
Retail Lending					
Gross carrying amount	6,679	2,819	4,985	3,619	18,103
Less: ECL allowance for impairment losses	(33)	(95)	(1,799)	(1,361)	(3,288)
Total Retail Lending	6,647	2,724	3,186	2,258	14,815
Loans to Large Corporate					
Gross carrying amount	7,011	865	4,222	523	12,621
Less: ECL allowance for impairment losses	(52)	(38)	(1,752)	(236)	(2,078)
Total Loans to Large Corporate . . .	6,959	827	2,470	286	10,543
Loans to SMEs					
Gross carrying amount	4,549	1,314	8,603	3,204	17,670
Less: ECL allowance for impairment losses	(32)	(105)	(3,749)	(1,730)	(5,615)
Total Loans to SMEs	4,518	1,209	4,854	1,474	12,054
Loans to Public Sector					
Gross carrying amount	1,740	1	11	3	1,754
Less: ECL allowance for impairment losses	(1)	—	(4)	—	(5)
Total Loans to Public Sector	1,739	1	7	3	1,749
Corporate and Public Sector Lending					
Gross carrying amount	13,300	2,180	12,836	3,730	32,046
Less: ECL allowance for impairment losses	(85)	(143)	(5,504)	(1,967)	(7,699)
Total Corporate and Public Sector Lending	13,215	2,037	7,332	1,763	24,347
Loans and Advances to Customers at Amortised Cost					
Gross carrying amount	19,979	4,999	17,821	7,349	50,148
Less: ECL allowance for impairment losses	(117)	(238)	(7,303)	(3,328)	(10,986)
Total Loans and Advances to Customers at Amortised Cost . . .	19,862	4,761	10,518	4,021	39,162

As at 31 December 2020	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	5,264	2,110	3,581	2,490	13,445
Less: ECL allowance for impairment losses	(2)	(31)	(970)	(729)	(1,732)
Total Mortgages	5,262	2,079	2,611	1,761	11,713
Consumer, Personal and Other Loans					
Gross carrying amount	891	435	1,106	874	3,307
Less: ECL allowance for impairment losses	(21)	(44)	(707)	(550)	(1,322)
Total Consumer, Personal and Other Loans	870	392	400	323	1,985
Credit Cards					
Gross carrying amount	351	110	180	91	731
Less: ECL Allowance for impairment losses	(2)	(8)	(155)	(81)	(246)
Total Credit Cards	349	102	25	10	485
Retail Lending					
Gross carrying amount	6,505	2,656	4,868	3,454	17,483
Less: ECL allowance for impairment losses	(25)	(83)	(1,832)	(1,361)	(3,300)
Total Retail Lending	6,481	2,573	3,036	2,093	14,183
Loans to Large Corporate					
Gross carrying amount	7,841	1,151	3,390	368	12,749
Less: ECL allowance for impairment losses	(53)	(64)	(1,216)	(169)	(1,502)
Total Loans to Large Corporate	7,788	1,087	2,174	199	11,247
Loans to SMEs					
Gross carrying amount	5,010	1,603	8,067	2,892	17,572
Less: ECL allowance for impairment losses	(28)	(110)	(3,431)	(1,528)	(5,097)
Total Loans to SMEs	4,981	1,493	4,636	1,365	12,475
Loans to Public Sector					
Gross carrying amount	1,710	—	11	3	1,724
Less: ECL allowance for impairment losses	(1)	—	(4)	—	(6)
Total Loans to Public Sector	1,709	0	7	2	1,718
Corporate and Public Sector Lending					
Gross carrying amount	14,561	2,754	11,468	3,262	32,045
Less: ECL allowance for impairment losses	(83)	(174)	(4,651)	(1,697)	(6,605)
Total Corporate and Public Sector Lending	14,478	2,579	6,818	1,565	25,441
Loans and Advances to Customers at Amortised Cost					
Gross carrying amount	21,066	5,409	16,336	6,716	49,528
Less: ECL allowance for impairment losses	(107)	(257)	(6,482)	(3,058)	(9,904)
Total Loans and Advances to Customers at Amortised Cost	20,959	5,152	9,854	3,659	39,624

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Forborne loans

As at 31 December 2020, the net value of our forborne loans measured at amortised cost amounted to €6,967 million.

(€ in millions)	31 December 2020
Retail lending	3,275
Corporate lending	3,692
Public sector lending	—
Forborne Loans Measured at Amortised Cost by Product Line (Total Net Amount)	6,967

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Credit quality per segments, industry and asset classes

The tables below provide credit quality per asset classes, inclusive of the value of collateral for our gross carrying amount of loan and advances to customers at amortised cost on 31 December 2019 and 2020.

As at 31 December 2019	Strong	Recommended	Substandard	Default	Value of collateral
Retail Lending	6,004	675	3,232	8,192	13,072
Mortgages	4,808	590	2,538	5,978	12,006
Consumer, personal and other	808	80	551	1,933	1,054
Credit cards	388	4	143	281	12
Corporate Lending	9,259	2,453	2,408	16,171	15,377
Large corporate	5,740	1,347	901	4,634	5,887
SMEs	3,519	1,105	1,508	11,537	9,490
Public Sector	1,734	5	3	11	1,661
Greece	1,734	5	3	11	1,661
Other countries	—	—	—	—	—
Total	16,997	3,133	5,643	24,374	30,110

As at 31 December 2020	Strong	Recommended	Substandard	Default	Value of collateral
Retail Lending	6,000	505	3,081	7,896	12,703
Mortgages	4,820	443	2,439	5,742	11,614
Consumer, personal and other	832	59	532	1,883	1,076
Credit cards	348	3	110	270	12
Corporate Lending	10,918	2,075	2,831	14,497	15,436
Large corporate	6,602	1,298	1,168	3,682	6,042
SMEs	4,315	777	1,663	10,816	9,393
Public Sector	1,699	11	3	11	1,634
Greece	1,699	11	3	11	1,634
Other countries	—	—	—	—	—
Total	18,618	2,590	5,915	22,405	29,773

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

The following tables provide ageing analysis of past due and the classification of exposures into stages based on credit risk (staging) per lending category on 31 December 2019 and 2020.

	Gross loans and advances to customers at amortised cost												
As at 31 December 2019	Current	1-30 days	31-90 days	91-180 days	181-365 days	365+ days	Denounced	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Retail Lending	8,927	1,715	760	324	307	625	5,445	18,103	6,679	2,819	4,985	3,619	18,103
Mortgages	7,080	1,461	615	254	217	291	3,997	13,914	5,399	2,236	3,679	2,601	13,914
Consumer, personal and other	1,328	240	136	65	56	334	1,213	3,372	888	441	1,119	924	3,372
Credit cards	518	14	8	5	35	—	235	816	392	143	187	94	816
Corporate Lending	15,218	3,403	1,564	1,389	361	474	7,882	30,291	11,560	2,179	12,825	3,727	30,291
Large corporate	8,499	1,712	749	508	71	67	1,014	12,621	7,011	865	4,222	523	12,621
SMEs	6,720	1,690	815	880	290	406	6,868	17,670	4,549	1,314	8,603	3,204	17,670
Public Sector	1,742	5	—	—	—	—	7	1,754	1,740	1	11	3	1,754
Greece	1,742	5	—	—	—	—	7	1,754	1,740	1	11	3	1,754
Other countries	—	—	—	—	—	—	—	—	—	—	—	—	0
Total	25,888	5,123	2,324	1,713	668	1,099	13,334	50,148	19,979	4,999	17,821	7,349	50,148
Value of Collateral	16,799	3,127	1,576	1,044	315	494	6,756	30,110	13,272	3,617	9,192	4,029	30,110

	Gross loans and advances to customers at amortised cost												
As at 31 December 2020	Current	1-30 days	31-90 days	91-180 days	181-365 days	365+ days	Denounced	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Retail Lending	8,966	1,399	447	201	265	767	5,437	17,483	6,505	2,656	4,868	3,454	17,483
Mortgages	7,166	1,196	359	156	176	393	3,999	13,445	5,264	2,110	3,581	2,490	13,445
Consumer, personal and other	1,356	192	81	40	52	374	1,211	3,307	891	435	1,106	874	3,307
Credit cards	444	11	8	5	37	—	227	731	351	110	180	91	731
Corporate Lending	16,701	2,474	708	1,323	200	799	8,116	30,321	12,850	2,754	11,457	3,260	30,321
Large corporate	9,576	1,455	239	453	25	138	863	12,749	7,841	1,151	3,390	368	12,749
SMEs	7,125	1,019	469	870	175	661	7,252	17,572	5,010	1,603	8,067	2,892	17,572
Public Sector	1,710	3	—	—	—	—	11	1,724	1,710	—	11	3	1,724
Greece	1,710	3	—	—	—	—	11	1,724	1,710	—	11	3	1,724
Other countries	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	27,377	3,875	1,155	1,525	465	1,567	13,564	49,528	21,066	5,409	16,336	6,716	49,528
Value of Collateral	17,557	2,610	787	855	291	712	6,962	29,773	13,741	3,923	8,398	3,711	29,773

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

The tables below set out the loans and advances to customers at amortised cost (net of ECL allowance) per segment, industry and asset classes on 31 December 2019 and 2020.

	Loans and advances to customers at amortised cost						
As at 31 December 2019	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	6,647	2,724	2,966	220	2,216	41	14,815
Corporate and Public Sector							
Lending	13,215	2,037	1,571	5,761	970	792	24,347
Financial institutions	116	101	3	662	5	15	902
Manufacturing/Handicraft	1,803	426	226	1,088	146	142	3,832
Construction	514	192	181	779	117	155	1,939
Real estate companies	614	92	72	559	28	143	1,509
Project Finance	1,516	28	1	38	—	3	1,586
Wholesale and retail trade	1,695	276	430	715	238	161	3,515
Shipping companies	1,229	54	2	374	—	—	1,659
Coastline/ferries companies	94	30	—	86	—	—	211
Hotels	1,063	415	180	513	134	82	2,387
Agriculture	283	36	103	130	48	15	616
Energy	986	19	5	42	2	—	1,054
Transports and logistics	176	49	50	385	28	11	699
Other industries	1,388	316	318	382	223	64	2,690
Public sector	1,739	1	—	7	3	—	1,749
Total	19,862	4,761	4,538	5,980	3,187	834	39,162

	Loans and advances to customers at amortised cost						
As at 31 December 2020	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	6,481	2,573	2,820	216	2,054	40	14,183
Corporate and Public Sector							
Lending	14,478	2,579	1,364	5,454	815	750	25,441
Financial institutions	255	21	3	644	7	9	939
Manufacturing/Handicraft	2,434	456	225	1,005	130	159	4,407
Construction	471	226	157	729	82	108	1,773
Real estate companies	570	108	26	559	21	144	1,429
Project finance	1,640	19	—	64	3	4	1,730
Wholesale and retail trade	2,021	415	408	665	228	139	3,876
Shipping companies	1,372	50	—	362	—	—	1,784
Coastline/ferries companies	125	—	—	81	—	—	207
Hotels	949	796	98	591	85	97	2,615
Agriculture	299	56	102	116	47	16	636
Energy	820	23	6	36	2	—	886
Transports and logistics	302	62	50	204	23	5	646
Other industries	1,512	347	287	394	185	70	2,794
Public sector	1,709	—	—	7	2	—	1,719
Total	20,959	5,152	4,184	5,670	2,869	790	39,624

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Debt securities at amortised cost and debt securities measured at FVTOCI

The following tables present an analysis of debt securities measured at FVTOCI rating, based on S&P's rating scale and staging on 31 December 2019 and 2020:

As at 31 December 2019	External rating grade of debt securities measured at FVTOCI				
	Stage 1	Stage 2	Stage 3	POCI	Total
BBB- to BBB+	39	—	—	—	39
BB- to BB+	111	—	—	—	111
Lower than BB-	1,265	—	—	—	1,265
Unrated	22	—	—	—	22
Total	1,437	—	—	—	1,437

As at 31 December 2020	External rating grade of debt securities measured at FVTOCI				
	Stage 1	Stage 2	Stage 3	POCI	Total
AAA	104	—	—	—	104
BBB- to BBB+	503	—	—	—	503
BB- to BB+	1,911	—	—	—	1,911
Lower than BB-	98	14	—	—	112
Unrated	82	5	—	—	87
Total	2,698	19	—	—	2,717

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Reposessed collateral

During the years ended 31 December 2019 and 2020, we obtained certain assets, as detailed below, after taking possession of collateral held as security for receivables:

31 December 2019 (€ in millions)	Gross Amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net sale price of reposessed collaterals sold	Net gain/losses on sale of reposessed collaterals
Real Estate	1,898	280	(201)	(65)	1,697	33	7
—Residential	401	86	(59)	(6)	341	19	5
—Commercial	1,497	194	(141)	(59)	1,356	14	1
—Other Collateral	11	4	(8)	(4)	4	1	0

31 December 2020 (€ in millions)	Gross Amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net sale price of reposessed collaterals sold	Net gain/losses on sale of reposessed collaterals
Real Estate	1,979	147	(199)	(30)	1,780	60	4
—Residential	486	73	(53)	—	434	25	—
—Commercial	1,493	75	(146)	(30)	1,347	35	4
Other Collateral	10	1	(8)	(3)	2	1	—

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following tables breaks down the gross carrying amounts of financial assets, which are exposed to credit risk on 31 December 2019 and 2020. The credit risk exposure is based on the country of domicile of the Group.

As at 31 December 2019	Gross carrying amounts										
	Greece					Other Countries					Grand Total
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Due from banks	1,185	—	—	—	1,185	122	—	—	—	122	1,307
Reverse repos with customers	38	—	—	—	38	—	—	—	—	—	38
Loans and advances to customers at amortised cost	19,573	4,935	16,979	7,349	48,836	406	64	842	—	1,313	50,148
Retail Lending	6,659	2,766	4,942	3,619	17,986	20	53	44	—	117	18,103
Mortgages	5,383	2,224	3,671	2,601	13,879	16	12	8	—	35	13,914
Consumer, personal and other	884	400	1,083	924	3,291	4	41	36	—	81	3,372
Credit cards	392	143	187	94	816	—	—	—	—	1	816
Corporate and public sector lending	12,914	2,168	12,038	3,730	30,850	386	12	798	—	1,196	32,046
Large corporate	6,688	864	4,112	523	12,185	323	2	111	—	436	12,621
SMEs	4,487	1,304	7,915	3,204	16,910	63	10	687	—	760	17,670
Public sector	1,740	1	11	3	1,754	—	—	—	—	—	1,754
Financial assets at FVTOCI	1,435	—	—	—	1,435	1	—	—	—	1	1,437
Debt securities at amortised cost	1,121	—	—	—	1,121	—	—	—	—	—	1,121
Other assets—financial Instruments	634	87	452	—	1,172	15	—	6	—	22	1,194
Total	23,986	5,021	17,432	7,349	53,788	545	64	848	0	1,458	55,245

As at 31 December 2020	Gross carrying amounts										
	Greece					Other Countries					Grand Total
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Due from banks	1,170	—	—	—	1,170	88	—	—	—	88	1,258
Reverse repos with customers	8	—	—	—	8	—	—	—	—	—	8
Loans and advances to customers at amortised cost	20,695	5,406	16,268	6,716	49,086	371	3	68	—	442	49,528
Retail lending	6,504	2,656	4,866	3,454	17,480	2	—	1	—	3	17,483
Mortgages	5,262	2,110	3,580	2,490	13,442	1	—	1	—	2	13,445
Consumer, personal and other	891	435	1,106	874	3,306	—	—	—	—	—	3,307
Credit cards	351	110	180	91	731	—	—	—	—	—	731
Corporate and public sector lending	14,191	2,751	11,402	3,262	31,606	369	3	67	—	439	32,045
Large corporate	7,522	1,150	3,389	368	12,429	318	1	1	—	321	12,749
SMEs	4,959	1,601	8,001	2,892	17,453	51	2	65	—	119	17,572
Public sector	1,710	—	11	3	1,724	—	—	—	—	—	1,724
Financial assets at FVTOCI	2,681	19	—	—	2,700	17	—	—	—	17	2,717
Debt securities at amortised cost	4,976	—	—	—	4,976	—	—	—	—	—	4,976
Other assets—financial Instruments	636	76	460	—	1,172	80	—	4	—	84	1,256
Total	30,166	5,501	16,729	6,716	59,112	556	3	72	—	631	59,743

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Industry sectors

The following table breaks down our main credit exposures at their carrying amounts, as categorised by industrial sector (based on the industry of the applicable counterparties) as at 31 December 2020.

(£ in millions)	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Coastline/ Ferries Companies	Hotels	Agriculture	Energy	Transport & Logistics	Other industries	Individuals	Total
Due from banks	1,258	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,258
Reverse repos with customers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8	8
Loans and advances to customers (at amortised cost)	1,297	5,511	2,640	1,899	1,814	5,509	1,724	1,880	242	2,799	797	947	994	3,992	17,483	49,528
Retail lending	—	—	—	—	—	—	—	—	—	—	—	—	—	—	17,483	17,483
—Mortgages	—	—	—	—	—	—	—	—	—	—	—	—	—	—	13,445	13,445
—Consumer—personal loans and others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,307	3,307
—Credit cards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	731	731
Corporate and public sector lending	1,297	5,511	2,640	1,899	1,814	5,509	1,724	1,880	242	2,799	797	947	994	3,992	—	32,045
—Large corporate	1,202	1,554	588	914	1,740	779	—	1,880	242	1,215	7	750	458	1,420	—	12,749
—SMEs	95	3,957	2,052	985	74	4,730	—	—	—	1,584	789	197	535	2,572	—	17,572
—Public sector	—	—	—	—	—	—	1,724	—	—	—	—	—	—	—	—	1,724
Financial assets at FVOCI	97	—	—	—	—	4	2,420	—	—	—	—	—	5	191	—	2,717
Debt securities at amortised cost	—	—	—	—	—	—	4,976	—	—	—	—	—	—	—	—	4,976
Other assets—financial instruments	75	108	14	6	—	6	410	1	—	—	—	9	—	475	153	1,256
Total	2,727	5,619	2,654	1,905	1,814	5,519	9,530	1,880	242	2,800	797	957	999	4,657	17,643	59,743
Stage 1	1,688	2,515	477	571	1,641	2,037	9,435	1,373	125	953	300	854	308	1,818	6,620	30,715
Stage 2	24	502	244	118	20	452	21	52	—	814	59	24	69	447	2,656	5,504
Stage 3	973	2,032	1,573	918	146	2,176	72	455	117	822	332	75	541	1,664	4,913	16,809
POCI (purchased or originated credit impaired financial assets)	43	570	360	298	7	853	3	0	—	211	106	3	81	728	3,454	6,715
Total	2,727	5,619	2,654	1,905	1,814	5,519	9,530	1,880	242	2,800	797	957	999	4,657	17,643	59,743

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

As at 31 December 2020, the gross book value of our receivables deriving directly from the Greek public sector was €8,522 million (comprising treasury bills, Greek government bonds and central government receivables).

Receivables from the wider public sector are not directly influenced by the Greek government's finances since the financial data and cash inflows of the relevant wider public sector bodies originate from independent revenue sources.

11.4 Market risk

Market risk is related to the possibility of losses due to changes in the level or the volatility of market prices and rates, such as interest rates, equity and commodity prices and foreign exchange rates.

The Risk Committee has approved a market risk management policy that applies at a Group and Bank level and outlines the basic definitions of market risk management, and defines the roles and responsibilities of the units and executives involved. We engage in moderate trading activities in order to enhance profitability and service our clientele. These trading activities create market risk, which we seek to identify, estimate, monitor and manage effectively through a framework of principles, measurement processes and a valid set of limits that apply to all of our transactions. The most significant types of market risk are interest rates, equity and foreign exchange risk.

The Group and the Bank apply generally accepted techniques for the measurement of market risk. In particular, sensitivity indicators such as CSPV01 (adverse impact to the present value of the bond portfolio for a 1 basis point parallel move in the yield spread curve) as well as Value-at-Risk (the "VaR") calculations.

For every activity, that bears market risk, we have assigned adequate market risk limits, and these are monitored systematically. Market risk management is not confined to trading book activities, but covers the statement of financial position as a whole.

The VaR measure is an estimate of the potential loss in the net present value of a portfolio, over a specified period and with a specified confidence level. We implement the following three methods to calculate the VaR:

- the parametric VaR methodology, assuming a one-day holding period and utilising a 99% confidence level, with historic observations of two years and equal weighting between observations;
- the parametric VaR methodology, assuming a one-day holding period and utilising a 99% confidence level, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations, $\lambda=0.94$); and
- the parametric VaR methodology using volatilities and correlations gathered during a crisis period (Stressed VaR), while the estimate is assessed on current positions.

As the VaR methodology does not evaluate risk attributable to extraordinary financial or other occurrences, the risk assessment process includes a number of stress scenarios. The stress scenarios are based on the primary risk factors that can change the value of the balance sheet figures. Moreover, in order to test the robustness of our VaR model, we back-test our model against the subsequent income statement on a daily basis. With regards to the trading books of the Bank and the estimations of the size of VaR, the estimated value of the VaR is compared, on a daily basis, with the corresponding alternation in the value of the portfolio due to the changes in market values.

The undiversified VaR estimate for our trading book as at 31 December 2019 was €3.5 million, consisting of €3.5 million for interest rate risk and €0.2 million for foreign exchange risk. The diversified VaR estimate for our trading book as at 31 December 2019 reduced by €0.2 million due to the diversification effect in our portfolio.

The undiversified VaR estimate for our trading book as at 31 December 2020 was €2.8 million, consisting of €2.8 million for interest rate risk, €0.2 million for foreign exchange risk and reduced by €0.2 million due to the diversification effect in our portfolio.

The above estimates are summarised as follows:

(€ in millions)	Group Trading Book Total VaR	VaR-Interest Rate Risk	VaR Equities Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
As at 31 December 2019	3.5	3.5	0.0	0.2	0.0	(0.2)
As at 31 December 2020	2.8	2.8	0.0	0.2	0.0	(0.2)

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Foreign currency risk

Our financial position and cash flows are exposed to fluctuations in the prevailing foreign currency exchange rates. Our management sets limits on the level of exposure to currency, which is monitored daily. The following tables summarise our exposure to foreign currency exchange rate risk on 31 December 2019 and 2020. The tables include our assets and liabilities at carrying amounts categorised by currency and the positions on derivatives at notional amounts categorised by currency, which reduce significantly the undertaken foreign currency exchange risk.

As at 31 December 2019	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Assets							
Cash and balances with central banks	3,278	16	6	—	2	47	3,349
Due from banks	1,093	105	15	8	44	42	1,307
Financial assets at FVTPL	661	2	—	—	—	—	663
Financial assets mandatorily at FVTPL	127	5	—	—	—	—	131
Derivative financial instruments (notional amounts)	2,218	107	84	18	32	288	2,746
Reverse repos with customers	38	—	—	—	—	—	38
Loans and advances to customers at amortised cost	35,706	2,138	5	11	1,212	88	39,162
Loans and advances to customers mandatorily at FVTPL	51	—	—	—	—	—	51
Financial assets at FVTOCI	1,523	122	—	—	—	1	1,647
Debt securities at amortised cost	1,121	—	—	—	—	—	1,121
Assets held for sale	264	—	—	—	—	—	264
Investment property	1,032	—	—	—	—	80	1,112
Investments in associated undertakings and joint ventures	264	—	—	—	—	—	264
Property and equipment	1,039	—	—	—	—	5	1,044
Intangible assets	287	—	—	—	—	1	287
Current tax assets	206	—	—	—	—	—	206
Deferred tax assets	6,476	—	—	—	—	2	6,478
Other assets	3,381	9	2	—	3	127	3,521
Assets from discontinued operations	108	—	—	—	—	—	108
Total Assets	58,872	2,504	112	38	1,293	680	63,499
Liabilities							
Due to banks	3,223	65	3	—	5	—	3,296
Due to customers	45,273	1,640	109	1	15	313	47,351
Derivative financial instruments (notional amounts)	395	781	1	37	1,277	252	2,744
Debt securities in issue	481	—	—	—	—	—	481
Other borrowed funds	414	—	—	—	—	—	414
Current income tax liabilities	9	—	—	—	—	—	9
Deferred tax liabilities	31	—	—	—	—	1	32
Retirement and termination benefit obligations	130	—	—	—	—	—	130
Provisions	172	—	—	—	—	1	173
Other liabilities	1,077	3	1	—	(18)	7	1,071
Liabilities from discontinued operations	19	—	—	—	—	—	19
Total Liabilities	51,225	2,490	113	38	1,280	574	55,720
Derivative Financial Instruments—Fair Value							
Adjustment	(5)	—	—	—	—	—	(5)
Foreign Currency Exposure	7,642	14	(2)	(0)	14	105	7,773

As at 31 December 2020	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Assets							
Cash and balances with central banks	8,836	18	10	—	3	36	8,903
Due from banks	1,083	68	10	8	47	41	1,258
Financial assets at FVTPL	353	—	—	—	—	—	353
Financial assets mandatorily at FVTPL	120	26	—	—	—	—	146
Derivative financial instruments (notional amounts)	1,893	29	80	6	10	265	2,282
Reverse repos with customers	8	—	—	—	—	—	8
Loans and advances to customers at amortised cost	36,373	2,046	4	8	1,108	84	39,624
Loans and advances to customers mandatorily at FVTPL	50	—	—	—	—	—	50
Financial assets at FVTOCI	2,768	116	—	—	—	14	2,898
Debt securities at amortised cost	4,964	—	—	—	—	—	4,964
Assets held for sale	175	—	—	—	7	—	181
Investment property	1,047	—	—	—	—	72	1,119
Investments in associated undertakings and joint ventures	268	—	—	—	—	—	268
Property and equipment	990	—	—	—	—	5	995
Intangible assets	279	—	—	—	—	1	280
Current tax assets	176	—	—	—	—	—	176
Deferred tax assets	6,336	—	—	—	—	1	6,337
Other assets	3,292	6	1	—	(9)	105	3,395
Assets from discontinued operations	112	—	—	—	—	—	112
Total Assets	69,125	2,310	105	22	1,165	623	73,351
Liabilities							
Due to banks	11,357	3	—	—	4	13	11,376
Due to customers	47,556	1,663	105	1	16	295	49,636
Derivative financial instruments (notional amounts)	66	753	—	22	1,193	222	2,257
Debt securities in issue	471	—	—	—	—	—	471
Other borrowed funds	933	—	—	—	—	—	933
Current income tax liabilities	3	—	—	—	—	—	3
Deferred tax liabilities	31	—	—	—	—	1	31
Retirement and termination benefit obligations	143	—	—	—	—	—	143
Provisions	201	—	—	—	—	1	202
Other liabilities	1,181	(32)	—	—	(18)	6	1,136
Liabilities from discontinued operations	31	—	—	—	—	—	31
Total Liabilities	61,972	2,387	105	23	1,196	538	66,220
Derivative Financial Instruments—Fair Value Adjustment	22	—	—	—	—	—	22
Foreign Currency Exposure	7,175	(76)	—	(1)	(30)	85	7,153

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Interest rate risk

Interest rate risk is the risk of a negative impact on our financial condition due to our exposure to changes in the market interest rates. Accepting this risk is deemed an integral part of banking operations and can be an important source of profitability and increase in our value.

Changes in interest rates affect our results by changing the net interest income as well as the value of other interest sensitive income or expenses. Changes in interest rates also affect the value of our assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change. Consequently, an effective risk management process that assesses, monitors and helps maintain the interest rate risk within acceptable levels (through effective hedging, where deemed required) is essential to our financial safety and soundness.

We apply an interest rate risk management policy, which provides for a variety of valuation techniques that mainly rely on maturity and repricing schedules, amongst which the “Interest Rate Gap” analysis. According to

the said analysis, the principal amount of assets and liabilities are allocated to time periods until their maturity (in the case of fixed rate instruments) or according to the date of the next re-determination of their interest rate (in the case of floating rate instruments).

The table below summarises our exposure to interest rate risk according to the Interest Rate Gap Analysis. In cases where, for any claims or liabilities there is no regular contractual maturity date (open accounts) or interest rate determination date (current or savings deposits), they are allocated to the time period following the application of behavioural models. The impact from historically observed prepayments on term loans is also taken into consideration. Finally, assets and liabilities in foreign currency are converted into euro using spot FX rates.

(€ in thousands)	Up to 1 month	1 – 3 months	3 –12 months	1 –5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2019							
Assets							
Cash and balances with the central banks	3,339	—	—	—	—	10	3,349
Due from banks	1,192	70	21	—	—	24	1,307
Financial assets at FVTPL	16	42	33	70	494	8	663
Financial assets mandatorily at FVTPL	—	—	—	13	2	117	131
Reverse repos with customers	9	16	13	—	—	—	38
Loans and advances to customers	21,667	6,501	5,158	4,969	846	71	39,213
Financial assets at FVTOCI	70	142	321	190	714	210	1,647
Debt securities at amortised cost	—	—	—	413	708	—	1,121
Other assets	—	—	6	1	—	932	940
Total Financial Assets	26,293	6,772	5,552	5,656	2,765	1,372	48,409
Liabilities							
Due to banks	2,011	907	24	355	—	—	3,296
Due to customers	36,430	5,939	4,937	2	—	43	47,351
Debt securities in issue	481	—	—	—	—	—	481
Other borrowed funds	—	—	—	414	—	—	414
Other liabilities	—	1	4	1	—	1,065	1,071
Total Financial Liabilities	38,923	6,846	4,965	772	—	1,107	52,613
Net Notional Amount of Derivative Financial Instruments	2	(39)	(2)	(2)	(2)	—	(44)
Total Interest Rate Gap	(12,628)	(114)	585	4,882	2,762	264	(4,247)
As at 31 December 2020							
Assets							
Cash and balances with the central banks	8,896	—	—	—	—	6	8,903
Due from banks	1,112	125	—	—	—	20	1,258
Financial assets at FVTPL	21	8	44	23	245	12	353
Financial assets mandatorily at FVTPL	—	—	—	13	1	133	146
Reverse repos with customers	—	2	6	—	—	—	8
Loans and advances to customers	17,337	6,615	6,094	9,107	475	46	39,674
Financial assets at FVTOCI	294	136	418	529	1,340	182	2,898
Debt securities at amortised cost	—	—	51	989	3,925	—	4,964
Other assets	—	—	7	—	—	847	854
Total Financial Assets	27,660	6,885	6,619	10,661	5,987	1,246	59,058
Liabilities							
Due to banks	11,241	114	11	10	—	—	11,376
Due to customers	20,737	6,258	7,406	9,013	6,220	1	49,636
Debt securities in issue	471	—	—	—	—	—	471
Other borrowed funds	—	—	—	933	—	—	933
Other liabilities	—	6	2	2	—	1,126	1,136
Total Financial Liabilities	32,449	6,377	7,419	9,959	6,220	1,127	63,552
Net Notional Amount of Derivative Financial Instruments	27	8	39	3	(55)	—	22
Total Interest Rate Gap	(4,762)	516	(761)	705	(289)	119	(4,472)

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

We calculate any change in the net present value of on balance-sheet items in response to a change in interest rates, assuming parallel yield curve shifts (PV01 – ΔEVE).

The followed valuation techniques allow for the assessment of interest rate risk through the “Earnings-at-Risk” (ΔNII) index, which denotes the negative effect on the foreseen annual interest income, as a result of a parallel shift in interest rates for all currencies considered.

For “Earnings-at-Risk” and PV01, we have assigned adequate limits, which are monitored on a regular basis.

We evaluate potential financial losses in relation to stressful conditions in interest rate markets. Possible stress scenarios include abrupt changes in the level of interest rates, changes in the slope and shape of the yield curves, or changes in the volatility of market rates.

11.5 Liquidity risk

We acknowledge that effective liquidity risk management is essential to our ability to meet our liabilities, while also safeguarding our financial results and our capital. Liquidity risk is defined as the risk arising from the Group’s inability to meet its cash flow obligations when they come due, without incurring unacceptable costs or losses at all times, including under stress. Our Group applies a uniform liquidity risk management policy for the effective management of liquidity risk, approved by the Board Risk Management Committee. This policy complies with the supervisory regulations and is consistent with best practices applied internationally.

The policy specifies the principal liquidity risk assessment definitions and methodologies, defines the roles and responsibilities of the Bank’s units, the Group subsidiaries and staff involved and sets out the guidelines for liquidity crisis management. In order to manage liquidity risk effectively, we monitor, *inter alia*, the amount, quality and composition/diversification of our liquid assets, the cash flow analysis of our assets and liabilities (inflows, outflows) in time buckets, the composition, diversification and cost of our funding sources, the composition, diversification and funding capacity of our unencumbered collateral and its funding needs in local and foreign currencies.

Furthermore, the policy defines a contingency funding plan to be used in the case of a liquidity crisis. Such a crisis can take place either due to an event specific to us or due to a market-driven event. Triggers and early warning signals prescribed within the contingency funding plan serve as indicators for its realisation.

Our LCR and NSFR are calculated on a monthly and quarterly basis, respectively, as per the CRR. As at 31 December 2020, both the LCR and the NSFR exceeded the minimum regulatory threshold of 100%, remaining comfortably above risk appetite levels and standing at 175% and 116% respectively.

Under the CRD IV, which has been transported into Greek Law by virtue of the Banking Law, credit institutions are required to have comprehensive strategies, procedures, policies and systems to ensure adequate monitoring of liquidity risk. In accordance with the CRD IV, the Bank submitted in 2020 to the SSM, its annual ILAAP report, which includes the rules governing the management of liquidity risk and the main results of current and future liquidity position assessments for the Bank and the Group. In addition, within our ICAAP and ILAAP framework, we examined stress test scenarios and assessed their impact on the Bank’s and the Group’s liquidity position and on mandatory liquidity ratios.

We focus on the containment of our liquidity risk and the improvement of our liquidity position, through the achievement of the following key objectives, while continuously monitoring market conditions. We aim to:

- strengthen and broaden our core funding sources (customer deposits, debt issuance and interbank secured lending), while also monitoring and controlling their cost;
- improve our funding structure through the development of longer-term funding sources and the gradual reduction of the average maturity of our assets;
- maintain a robust liquidity position through the development of an adequate and well diversified high-quality liquid assets buffer, while striking a balance between that and the need to achieve our earnings targets;
- optimize the use of available liquidity through risk-adjusted pricing for new or rolled-over assets and the potential reallocation of funding among assets where possible.

The COVID-19 pandemic outbreak is an unprecedented challenge, both globally and within the EU. As the situation continues to evolve, the EU supervisory authorities have introduced several measures to address and mitigate the adverse economic impact of the COVID-19 on the banking sector.

The effects of the COVID-19 pandemic during the year of 2020 did not impede the upward trend of our main liquidity factors, allowing its liquidity profile to continue on its improving trajectory. Piraeus Group liquidity remains robust amid the continued COVID-19 pandemic, as the granular deposit base, adequate collateral buffers and the timing of Tier II issuance, paired with EC, ECB and Greek Government measures, have effectively mitigated risks during the first and the later phases of the pandemic. Based on the same premises throughout year 2020, the Group's LCR has sustained a steadily improving trajectory and profile, remaining comfortably above risk appetite levels and standing as of December 2020 at 175%.

Throughout 2020, our liquidity position improved further, driven by customer deposits increase which attested further to the depositors' confidence restoration witnessed for the past few years. As at 31 December 2020 customer deposits amounted to €49.6 billion compared to €47.4 billion at 31 December 2019, while at the same term deposits' cost has been reduced significantly.

In 2020, the ECB's measures adopted in response to the COVID-19 pandemic, including Greek government bonds eligibility waiver, the launch of Additional Credit Claims framework, the TLTRO III extension, coupled with favourable haircuts and pricing, led to an increase of our exposure to the Eurosystem, which as at 31 December 2020 amounted to €11 billion compared to €350 million in 2019. In 2019, the Group's exposure to the Eurosystem decreased to €350 million compared with 2018, due to the deleveraging of the Bank's loan portfolio and the further increase of customer deposits base. The Bank's ELA funding was fully repaid in July 2018 and remained nil ever since.

As at 31 December 2020, our interbank repo funding amounted to €96 million compared to €2.4 billion as at 31 December 2019, while funding from debt securities increased through the issuance of €400 million Tier 2 notes in June 2019 and additional €500 million Tier 2 notes in February 2020.

In addition, as at 31 December 2020, our gross loans amounted to €49.5 billion compared to €50.1 billion at 31 December 2019, of which €1.5 billion was related to the seasonal funding facility of an agri-loan towards OPEKEPE for the distribution of European Commission's subsidies toward farmers (which was repaid in February 2021).

Our net loans amounted to €39.6 billion as at 31 December 2020 compared to €39.2 billion as at 31 December 2019 with our seasonally adjusted net loans to deposits ratio at 76.8% and 79.4% as at 31 December 2020 and 2019, respectively, (excluding the seasonal OPEKEPE loan).

In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, we are comfortably placed to meet all payment obligations as they fall due. For this purpose, we use the liquidity gap analysis which provides an overview of the expected cash flows, arising from all balance sheet items assigned and aggregated into time bands according to when they occur.

The assumption is that scheduled payments to us are honoured in full and on time and in addition, all contractual payments are discharged in full, *e.g.*, depositors will withdraw their money rather than roll it over on maturity. Those assets and liabilities lacking actual maturities (*e.g.*, open accounts, current accounts, or savings accounts) are assigned to the time band "up to 1 month".

Non-derivative cash flows

The table below presents, at the balance sheet date, the cash flows payable by us under non-derivative financial liabilities by the remaining contractual maturities on 31 December 2019 and 2020. The amounts mentioned are the contractual undiscounted cash flows. We manage liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates. Liquidity risk arising from derivative liabilities is not considered significant.

(€ in millions)	As at 31 December 2019					
	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Due to banks	1,953	828	21	424	79	3,305
Due to customers	36,417	5,893	5,001	63	—	47,373
Debt securities in issue	1	—	8	492	14	515
Other borrowed funds	—	—	39	558	—	597
Other liabilities	50	116	114	88	51	419
Total	38,421	6,837	5,183	1,624	144	52,209

(€ in millions)	As at 31 December 2020					
	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Due to banks	188	34	10,980	68	71	11,342
Due to customers	40,530	5,070	4,038	6	—	49,644
Debt securities in issue	1	—	7	479	—	488
Other borrowed funds	—	28	39	1,129	—	1,195
Other liabilities	17	100	127	84	43	371
Total	40,737	5,231	15,192	1,766	115	63,040

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Derivative cash flows

Derivatives settled on a net basis

Derivatives settled on a net basis include:

- foreign exchange derivatives: OTC currency options, currency futures, and exchange traded currency options; and
- interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

The table below analyses, at the balance sheet date, the contractual undiscounted cash flows of derivative financial assets and liabilities that will be settled on a net basis, based on their remaining period according to the contract.

31 December 2019	Notional amount	Fair value	
Derivatives held for trading		Assets	Liabilities
Interest rate swaps	7,477	448	430
Currency swaps	1,184	8	3
FX forwards	203	3	2
Options and other derivative instruments	6,069	20	—
Cross currency interest rate swaps	1,169	—	46
Total	16,103	479	482

31 December 2020	Notional amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
Interest rate swaps	7,975	464	447
Currency swaps	876	19	1
FX forwards	261	9	1
Options and other derivative instruments	4,877	10	2
Cross currency interest rate swaps	1,114	5	8
Total	15,103	507	459
Derivatives held for hedging (fair values)			
Interest rate swaps	54	—	1
Total	15,157	507	460

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Fair value of assets and liabilities

Assets and liabilities not measured at fair value

The following tables summarise the fair value and the carrying amounts of those assets and liabilities which are not measured at fair value on a recurring basis, and their fair value could be materially different from their carrying amount on 31 December 2019 and 2020.

	Carrying Amount	Fair Value			
	31 December 2019		Level 1	Level 2	Level 3
Financial Assets					
Loans and advances to customers at amortised cost	39,162	38,893	—	—	38,893
Debt securities at amortised cost	1,121	1,191	1,191	—	—
Financial Liabilities					
Debt securities in issue	481	494	—	494	—
Other borrowed funds	414	425	425	—	—

	Carrying Amount	Fair Value			
	31 December 2020		Level 1	Level 2	Level 3
Financial Assets					
Loans and advances to customers at amortised cost	39,624	38,430	—	—	38,430
Debt securities at amortised cost	4,964	5,344	5,344	—	—
Financial Liabilities					
Debt securities in issue	471	480	—	480	—
Other borrowed funds	933	767	767	—	—

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

For 2020, the fair value of loans and advances to credit institutions, reverse repos with customers, due to credit institutions and due to customers, which are measured at amortised cost, are not materially different from the respective carrying values, since they are very short term in duration and priced at current market rates. These assets are often re-priced and due to their short duration, they are discounted with the risk-free rate.

The fair value of loans and advances to customers has been calculated using a discounted cash flow model, taking into account yield curves and any adjustments for credit risk.

The fair value of debt securities at amortised cost, debt securities in issue and other borrowed funds has been calculating using market prices, or, if such was not available, using discounted cash flow models based on current market interest rates offered for instruments with similar credit quality and duration.

The following table present the fair value of the financial assets and liabilities measured at fair value on a recurring basis by fair value hierarchy level, as at 31 December 2020.

As at 31 December 2020	Financial instruments measured at fair value based on valuation			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial instruments	—	507	—	507
Financial assets at FVTPL	331	22	—	353
Financial assets mandatorily measured at FVTPL	76	—	71	146
Loans and advances to customers mandatorily measured at FVTPL	—	—	50	50
Financial assets at FVTOCI	2,590	274	35	2,898
Financial Liabilities				
Derivative financial instruments	—	460	—	460

Source: annual audited consolidated financial statements as at and for the years ended 31 December 2020.

Assets and liabilities held at fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date, under current market conditions.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. We consider relevant and observable market prices in our valuations where possible. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect our market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes debt and equity securities, as well as derivative contracts that are traded in an active and organised market structure.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes OTC derivatives and securities whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market.
- Level 3—Unobservable inputs, including the entity's own data which are adjusted, if necessary, to reflect the assumptions market participants would use in the circumstances. Level 3 includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that require significant management judgement or estimation. OTC complex derivatives transactions or structured securities, which are valued using a non-market standard model, comprising substantial model uncertainty, are classified as Level 3 instrument.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The level of the fair value hierarchy within which the fair value measurement is categorised, is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input as well as model uncertainty are assessed against the entire fair value measurement of the instrument.

Investment property

For the determination of the fair value of investment property, generally accepted valuation models are used by valuers as presented in Note 27 "Investment property" to the Group's consolidated financial statements as at and for the year ended 31 December 2019 and 2020.

The following table presents the movement of investment property for the years ended 31 December 2019 and 2020:

	<u>Owned property</u>	<u>Right-of-use assets</u>	<u>Total</u>
At 1 January 2019	992	87	1,079
Net losses from fair value measurement	—	(4)	(4)
Additions	31	—	31
Transfers	25	—	25
Disposals and write-offs	(22)	—	(22)
Other movements	3	—	3
At 31 December 2019	1,029	83	1,112
Opening balance of newly consolidated companies	18	—	18
Net gain/losses from fair value measurement	7	(16)	(9)
Additions	18	—	18
Transfers	3	4	7
Disposals and write-offs	(24)	—	(24)
Other movements	(3)	—	(3)
Contribution to the new credit institution	—	—	—
At 31 December 2020	1,047	71	1,119

Source: annual audited consolidated financial statements as at and for the year ended 31 December 2020.

11.6 Operational risk

We are exposed to operational risk deriving from our daily operations and from the implementation of our business and strategic objectives.

We aim to continuously improve our operational risk management through the implementation and the ongoing development of an integrated and adequate framework that manages the identification, assessment, quantification, monitoring and mitigation of operational risk in order to timely and effectively support our business functions and fulfil the requirements of the regulations to which we are subject. Our operational risk management framework covers all of our business activities and supporting functions in Greece and abroad.

Our Group Operational Risk and Control unit is responsible for the development and maintenance of our operational risk management framework. It is approved by the Risk Committee, reviewed on a regular basis and adjusted according to our total risk exposure and risk appetite.

The framework aims to optimise our operating efficiency, minimise financial losses from operational risk events, develop a uniform and clear culture of operational risk management throughout the Group, adopt advanced methods of measuring and assessing our level of exposure to risk and prevent potential unexpected and catastrophic losses from future operational risk events.

During 2020, our Group Operational Risk and Control unit has either led or participated in a number of strategic and functional risk initiatives, including, among others, the:

- implementation of a bank-wide platform for the management of internal control deficiencies (which remains in progress);
- enhancement of operational risk loss collection and analysis, with focus on legal cases and credit related incidents (which remains in progress);
- enhancement of managing technology and security risks in second line of defence (which remains in progress);
- enhancement of risk and control assessment methodology (which remains in progress);
- update of the operational risk event typology in order to respond to the current business needs, the new threats and the regulatory areas of focus (which has been completed);
- enhancement of the alert process for critical operational risk incidents (which has been completed); and
- coordination of specialised operational risk assessment processes for major events or initiatives affecting the Group's risk profile, such as the COVID-19 pandemic, the hive-down process (project "Lyra"), as well as the Transformation project (project "Thira"), in order to identify and assess related risks, monitor mitigating plans and inform relevant bodies (which remains in progress).

In order to optimise the management of operational risk arising from our activities, we have adopted the following control and mitigation methods:

Internal control system (ICS)

Our ICS includes control mechanisms and processes, integrates best practices of corporate governance and covers each activity and transaction of the Group, contributing to effective and safe operations.

The management is responsible for establishing and maintaining an adequate and effective internal control system within the Group as well as relevant procedures and practices. The management also monitors, systematically the adequacy and effectiveness of the existing ICS and implements promptly any actions required for a sustainable response to and mitigation of operational risk, while in the same time takes care of the development and enhancement of the ICS on a Group and Bank level. At the same time, with appropriate early warning systems, the management controls the consistent application of the ICS across the units, as well as the full compliance of all concerned parties with the principles and objectives of the ICS.

The establishment of the ICS aims in particular to (i) the consistent implementation of the business strategy at a Group and Bank level with effective use of existing resources; (ii) the identification and management of risk exposures and potential risks; (iii) ensure the completeness and reliability of the data, which are necessary for the preparation of reliable financial statements in accordance with IFRS and generally for the accurate and timely determination of our financial position; (iv) ensure the compliance with legislative and regulatory framework governing our operations; and (v) conduct periodic and/or occasional audits by the relevant units of the Group Internal Audit Unit in order to establish consistent application of prescribed rules and procedures by all business units.

Our ICS is supported in accordance with the existing regulatory framework of an integrated Management Information System (the “MIS”) and inter-complementary mechanisms, forming an integrated system for controlling and auditing both our organisational structure and operations. The operation of MIS ensures uniform and document-based data collection and processing, as well as the prompt, accurate, reliable and complete distribution of information to each governing body of the Bank. We place special emphasis on the development and continuous improvement of the MIS. Its effectiveness is necessary for decision-making in relation to risk management.

The Audit Committee monitors and evaluates on a yearly basis the adequacy and effectiveness of our ICS on an individual basis and at Group level, based on the relevant data and information of the Group Internal Audit, the Compliance Division, the findings and observations of the statutory auditors and supervisory authorities. The Audit Committee also reviews the effectiveness of our compliance procedures with the laws, rules and regulations of the supervisory authorities.

The adequacy of the ICS at Group and Bank level is assessed periodically and at least every three years, upon recommendation of the Audit Committee, by an independent chartered public auditor, other than the Group and the Bank’s external statutory auditor. The relevant evaluation report is communicated to the Bank of Greece within the first half of the year following the expiration of the three years.

Internal audit

Group Internal Audit comprises an independent and objective advisory and safeguarding function, designed to add value and improve the operations of the Group. By adopting and implementing a systematic and disciplined methodology, it contributes to improving the effectiveness of risk management, the ICS and governance procedures.

The main mission of the Group’s Internal Audit is:

- to conduct any type of audit of all the units, activities and providers of essential activities of the Bank and any of the Group’s subsidiaries, in order to formulate a fair, objective, independent and informed view of the adequacy and effectiveness of the Group’s ICS; and
- to provide the required objective procedures in conjunction with the Audit Committee regarding the results of the assessment of the adequacy and effectiveness of the Group’s ICS.

The assessment of the ICS is based on the standards and criteria prescribed by internationally recognised best practices.

Group Internal Audit functionally reports through the Audit Committee to the Board of Directors and only for administrative purposes to the Managing Director and CEO. It is administratively independent from the other units and shall not conduct any kind of executive and functional responsibilities. It also has full-time and exclusive staff, which shall not report hierarchically to any other units.

The primary objective of the Group Internal Audit is the quality of the audit, in order to ensure the effectiveness, functionality and objective documentation of the various reports that result from the audit work. For the Group Internal Audit, ensuring the quality of the auditing procedures is the main criterion for the determination of relevant professional standards, recruitment and training, as well as for vocational certifications and procedures to be followed within Group Internal Audit.

With respect to the internal auditors, they are provided with unlimited access to all activities, units and premises, and to all kinds and forms of data and information of the Group. They may uninterruptedly communicate with any executives, collective organs and staff within the Group and may request and receive from any executive all information and explanations necessary to fulfil their mission as part of any auditing. Any highly confidential or sensitive information may be brought only to the attention of the Group Chief Audit Executive.

The internal auditors are expected to apply and shall act in compliance with the Group's code of conduct and the rules provided for in international standards for internal auditors.

Group Compliance Division

The Group Compliance Division was established in the context of complying with the rules of the Basel II supervisory framework and the provisions of the Bank of Greece Governor's Act 2577/2006 as an independent unit that is responsible for implementing the policy adopted by our Board of Directors in order to comply with the relevant applicable legal and regulatory framework. The Group Compliance Division refers to the Board of Directors through the Audit Committee, it has unrestricted access to all data and information necessary to carry out its duties and is managed by a person selected to be the Group Compliance Officer possessing sufficient knowledge of banking and investment activities.

Our Group Compliance has the following competences and responsibilities: (i) it develops and implements appropriate procedures and prepares a related annual compliance action plan; (ii) it informs the senior management and the Board of Directors of any identified significant regulatory violations; (iii) where regulatory changes take place, it provides relative instructions for the adjustment of internal procedures and internal rules; (iv) in cooperation with the human resources, it ensures that the staff is timely updated on regulatory amendments; (v) it coordinates and evaluates the work of our heads of compliance units (compliance officers) in Greece and abroad; (vi) it ensures the keeping of deadlines for the fulfilment regulatory obligations and provides written reassurance to the Board of Directors; (vii) it ensures that we comply with the applicable financial crime regulatory framework; (viii) it participates (at least) on a consulting basis in the design of new products and processes regarding business decision; (ix) it expresses an opinion on the selection and suitability of the heads of the relevant units of our subsidiaries, and evaluates their efficiency; (x) it examines and responds to competent authorities requests relative to the provision of information and/or the restriction of account/safety deposit box movement; (xi) it gives opinion on new financing and loan restructuring to the relevant approval committee of the Bank; and (xii) it monitors participations in our share capital increases against direct and indirect funding.

ICS enhancement projects (action plans)

Within our operational risk management framework, we take the appropriate and necessary measures in order to improve the ICS.

The definition of action plans is driven either by the identification and assessment of critical potential risks and control deficiencies (RCSA processes), or the occurrence of actual incidents and losses.

Risk assessment of the product, process and activity

Our Group Operational Risk and Control unit participates in the assessment of our existing and new products, processes and activities (pursuant to the Bank of Greece Governor's Act 2577/9.3.2006, at least consultative participation is required in cooperation with Group Compliance (which has been set up as a separate unit within the Bank, in accordance with Bank of Greece Governor's Act 2577/9.3.2006) and Group Audit). The assessment aims at integrating the appropriate control and risk management mechanisms in order to ensure the effective management and mitigation of potential operational risks.

Insurance coverage

We consider insurance coverage a significant operational risk mitigation technique. Our insurance policies cover, according to the current insurance framework, partial or total recovery against financial losses resulting from certain types of operational risk incidents.

Insurance coverage of our main operations is reviewed annually by the responsible units in collaboration with our senior management.

Haircuts are applied in insurance policies mitigation effect, associated with extreme scenario analysis and Value at Risk/internal capital calculations.

Extreme operational risk scenarios aim at enriching the potential losses data with events of extreme impact and low frequency. The set of extreme scenarios and their impact are reviewed and validated annually by an interdepartmental team of experts.

Human resources training

We provide our personnel adequate training on operational risk issues, enhancing their familiarity with and awareness of management and mitigation of operational risk.

These training activities involve all Group employees and include:

- specialised training for the mitigation of risk from external fraud (e.g., authenticity of banknotes and supporting documentation, managing of robberies), as well as of risks regarding money laundering and terrorism financing;
- training regarding the activation and implementation of our business continuity plan;
- educational programs on the implementation of our operational risk framework;
- educational programs on general topics of banking operations and products aiming at providing specialised knowledge and prevention of operational risk;
- training regarding the prevention and detection of internal fraud;
- training regarding the detection and management of suspicious behaviours—behavioural risk management;
- training regarding cyber security awareness, aiming at enhancing the risk culture in terms of cyber security and IT related risks;
- regulatory-required training programs for employees involved in the promotion of investment and insurance products; and
- initiatives aiming at the enhancement of risk awareness and infusing a strong risk culture throughout the Group.

Business continuity plan

We have developed and implemented a comprehensive Business Continuity Plan, in order to minimise potential negative effects of crisis situations on our activities. This plan, coupled with our disaster recovery site, ensures continuity of operations in all our business units and entities, effective management of operational risk and compliance with the applicable regulatory framework. In the context of our coordinated effort to prevent the spread of COVID-19 pandemic, we have launched a series of operational-level preventive measures within the framework of our Business Continuity Plan. All of the actions that have been placed in force relate to preventive measures and are incorporated into our Business Continuity Plan, enabling us to operate seamlessly with a sufficient number of employees per unit, while adhering to all medical instructions and ensuring employee health and safety.

Custody services

We provide custody services to third parties for a wide range of financial instruments. These services include, among others, custody of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions and income collection on behalf of individuals, companies and institutional investors. We receive fee income for providing these services. Assets held on behalf of third parties and income derived therefrom are not included in our financial statements as they do not constitute our property. The above-mentioned services give rise only to operational risk. As we do not guarantee these investments, we are not exposed to any credit risk in relation to such assets.

12. REGULATORY DISCLOSURES

Below is a summary of the information disclosed by Piraeus Holdings under Regulation (EU) No 596/2014 over the last 12 months which is relevant as at the Date of the Prospectus, presented in a limited number of categories depending on their subject.

12.1 Disclosures related to the shareholding structure

- On 18 January 2021, Piraeus Holdings announced in accordance with Law 3556/2007 that, as a result of the conversion of the Contingent Convertible Bonds, the HFSF received 394,400,000 Ordinary Shares and, as of 14 January 2021, the HFSF holds 509,775,400 Ordinary Shares, which correspond to 61.34% of the total number of the Ordinary Shares.
- On 19 January 2021, Piraeus Holdings announced in accordance with Law 3556/2007 that the total percentage of voting rights attached to Ordinary Shares held directly by Mr. Aristotelis Mistakidis fell below 5% as of 14 January 2021 and that he holds 3.0348% of the total voting rights in Piraeus Holdings.
- On 21 January 2021, Piraeus Holdings announced in accordance with Law 3556/2007 that:
 - “Paulson & Co. Inc.” holds indirectly as of 14 January 2021 through funds managed by it, 38,348,265 Ordinary Shares corresponding to 4.61% of its total voting rights; and
 - John A. Paulson holds indirectly as of 14 January 2021 through “Paulson & Co. Inc.”, a company controlled by him, 38,348,265 voting rights corresponding to 4.61% of the total voting rights of Piraeus Holdings.
- On 2 February 2021, Piraeus Holdings announced in accordance with Law 3556/2007 that, following the completion of the share capital increase effected as a result of the conversion of the total of the Contingent Convertible Securities into Ordinary Shares, and the commencement of trading of the Ordinary Shares on the ATHEX on 14 January 2021, the total voting rights of Piraeus Holdings amounts to 831,059,164 and its share capital amounts to €4,986,354,984 divided into 831,059,164 Ordinary Shares.
- On 22 March 2021, Piraeus Holdings announced in accordance with Law 3556/2007 and Article 19 of Regulation (EU) No 596/2014 that, on 18 March 2021, “Hellenic Exchanges—Athens Stock Exchange S.A.” proceeded with the disposal of 668,225 Ordinary Shares for a total value of €500,136.44. The aforementioned company is a closely associated legal person, pursuant to the provisions of Article 3 of Regulation (EU) No 596/2014, with Mr. George Handjinicolaou, Non-Executive Chairman of the Board of Directors.

12.2 Disclosures related to business activities and other investments

- On 1 July 2020, Piraeus Holdings announced that, following the decision of the extraordinary General Meeting of its shareholders on 16 June 2020, the demerger of “Piraeus Insurance Agency S.A.” by way of absorption by “Piraeus Bank Société Anonyme” and “Piraeus Agency Solutions Single-Member Société Anonyme for the Provision Of Insurance Products Distribution Services And Financial Services” was approved on 29 June 2020, by virtue of the decision of the Ministry of Development and Investments Nr. 66868/29.06.2020.
- On 18 December 2020, Piraeus Holdings announced that it has reached an agreement with Intrum, as part of a consortium that they have formed with the EBRD, for the sale of a portfolio (the “Iris” portfolio) of retail, small businesses and leasing NPEs. The Iris portfolio consists of approximately 53,000 loans with total legal claim of €1.7 billion and a gross book value of €0.7 billion as at 28 February 2019 while the total consideration corresponds to approximately 6% of gross book value.
- On 28 December 2020, Piraeus Holdings announced that, following the binding commitment letter of 1 September 2020, it has signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of the “Phoenix” securitisation, which amounts to €1.92 billion gross book value.
- On 30 December 2020, Piraeus Holdings announced that, following the resolutions of the extraordinary General Meeting of its shareholders held on 10 December 2020, the Demerger was approved on 30 December 2020.
- On 5 January 2021 and subsequent to the announcements dated 23 November 2020 and 7 December 2020, Piraeus Holdings announced that on 4 January 2021 the Contingent Convertible Bonds were

automatically converted into 394,400,000 Ordinary Shares. As a consequence of the above, Piraeus Holdings' share capital has increased by an aggregate amount of €2,366,400 and is equal to €4,986,354,984 divided into 831,059,164 Ordinary Shares. This increase is combined with a decrease in retained earnings by €326,400,000 and derecognition of the Contingent Convertible Bonds reserve of €2,040,000.

- On 13 January 2021, the Greek state and the Bank proceeded with a GGB exchange that included existing sovereign bonds held by the Bank, of nominal value €2.8 billion, with a new GGB of equivalent nominal value maturing in 2050. The exchange took place at market terms and was settled on 20 January 2021. The Group's gain from the aforementioned exchange amounted to €221 million.
- On 1 March 2021, the former Piraeus Bank Société Anonyme and Intrum signed a binding agreement for the sale of all Class B1 and Class C1 Notes issued by the three project Vega SPVs and held by the former Piraeus Bank Société Anonyme. The transaction is subject to all customary approvals, including the consent of the HFSF. Conditional upon requisite supervisory and corporate approvals, the former Piraeus Bank Société Anonyme is contemplating to distribute up to 65% of the mezzanine notes of the project Vega securitisation to its shareholders, while the Bank will retain 5% of the said instruments as per the respective securitisation requirements. The Bank will also retain 100% of the senior notes.
- On 2 March 2021, Piraeus Holdings announced that it would proceed with the implementation of the project Vega non-performing loan securitisations transaction which comprises predominantly denounced loans, secured by residential and commercial real estate assets (with a total gross book value of approximately €4.8 billion). To that end, Piraeus Holdings has signed a binding agreement with Intrum for the sale of 30% of the mezzanine notes of the project Vega securitisation.
- On 16 March 2021, Piraeus Holdings announced its financial results as at and for the year ended 31 December 2020 and the "Sunrise Plan", namely a series of concerted and comprehensive actions to drastically accelerate Piraeus Bank's NPE reduction plan and further enhance its capital position, which mainly comprises of three pillars: (i) the acceleration of the NPE reduction plan of Piraeus Bank through the securitisation and subsequent de-recognition of NPEs with a total estimated gross book value of up to €19 billion (including the previously announced NPE securitisations, namely projects Phoenix and Vega); (ii) a series of capital enhancement actions totalling €2.6 billion in 2021, including, *inter alia*, a share capital increase of Piraeus Holdings via a non-preemptive fully-marketed offering and an additional Tier 1 issuance by Piraeus Holdings; and (iii) a robust operational streamlining plan of Piraeus Bank to enhance its PPI by a combination of top-line strengthening and a reduction in operating costs through efficiency improvements and digitisation. Moreover, on the same date, Piraeus Holdings announced that (a) it entered into a binding agreement with Christofferson, Robb & Company for a synthetic (virtual) securitisation of performing SME and corporate loan portfolios, through the purchase of synthetic credit protection from private market participants, aiming to achieve total risk-weighted assets relief of approximately €2 billion, which is expected to be completed in two transactions and it is estimated it will release €300 million of capital; and (b) Piraeus Bank signed a binding agreement with EFT Services Holding B.V., a subsidiary of Euronet Worldwide, a leading international payment services provider, for the sale of 100% of its merchant acquiring unit for a total consideration of €300 million and for the formation of an exclusive long-term sales and distribution partnership, for an initial period of ten years.
- On 7 April 2021, Piraeus Holdings announced that the extraordinary General Meeting held on the same date adopted, *inter alia*, the following resolutions: (i) granted authorisation to the Board of Directors, which shall be valid for three years, to resolve the increase of the share capital of Piraeus Holdings by an amount that cannot exceed three times the paid up capital on the date of authorisation, *i.e.* up to €14,959,064,952, with the issuance of Ordinary Shares and to determine the specific terms and time plan of the increase including, indicatively, the power to restrict or disapply the pre-emptive right of the existing shareholders of Piraeus Holdings; (ii) approved the increase of the nominal value of each Ordinary Share from €6.00 to €99.00 by reducing the total number of Ordinary Shares from 831,059,164 Ordinary Shares to 50,367,223 Ordinary Shares with a nominal value of €99.00 each, by merging 16.5 Ordinary Shares into one Ordinary Share and the consequent increase of the share capital of Piraeus Holdings by the amount of €93.00 by capitalising part of the existing "share premium" reserve, with the purpose of achieving an integer number of new Ordinary Shares; (iii) approved the reduction of the share capital of Piraeus Holdings by the amount of €4,935,987,854 by reducing the nominal value of each Ordinary Share from €99.00 to €1.00, without altering the total number of Ordinary Shares, as such figure will have been determined following the corporate actions described above; and (iv) granted authorisation to the Board of Directors to establish a five-year stock option plan in accordance with the provisions of Article 113, paragraph 4 of Law 4548/2018 to executives and

employees of Piraeus Holdings and its affiliated companies in the form of stock option rights (stock options), by increasing the share capital with the issuance of new Ordinary Shares and to determine the terms of the stock options at its discretion, defining that the authorisation is valid for five years from the resolution of the General Meeting and that the maximum nominal value of all Ordinary Shares that may be awarded through the plan will correspond to 1.5% of the paid-up share capital of the Piraeus Holdings on the date of the establishment of the plan by the Board of Directors.

- On 16 April 2021, Piraeus Holdings announced that its Board of Directors approved, among other matters, the Share Capital Increase through the Combined Offering, as set out in “Terms and Conditions of the Share Capital Increase and Public Offering”.

13. MATERIAL CONTRACTS

Neither Piraeus Holdings, nor the Bank or any other members of the Group are parties to any material contracts outside of their ordinary course of business for the two years immediately preceding the Date of the Prospectus, or to any contract (not being a contract entered into in the ordinary course of business), which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group, with the exception of the following:

- (a) The Relationship Framework Agreement, the main provisions of which are summarised in “*Elements of Regulatory Framework—The HFSF—The Relationship Framework Agreement*”.
- (b) The SLA (as defined herein) between Intrum Hellas and Piraeus Bank.

On 12 September 2019 and 18 September 2019, we entered into service level agreements with Intrum Hellas (the “SLA”). Under the SLA, Intrum Hellas undertakes to manage all of our current and future NPEs and certain other distressed assets (the “Reference Portfolio”) as described therein. Removal of any assets from the Reference Portfolio is subject to the payment of a fee by us, with the exception of limited circumstances in which we have the right to remove such assets without paying any fees.

The initial term of the SLA is ten years, with two automatic extensions of two years each, if certain key performance indicators are met by Intrum Hellas on the third and eight anniversary of the date of the respective SLA. For the management of the Reference Portfolio, Intrum Hellas receives a fixed management fee calculated on the basis of the gross book value of the assets under management and a variable success fee incurred on certain defined events as further described in the SLA. The performance of Intrum Hellas under the SLA is subject to a catalogue of key performance indicators (the “KPI”) which are reviewed and adjusted, if necessary, on an annual basis. The breach of any agreed KPI targets generally results in certain financial penalties, payable by Intrum Hellas to us, or in us having the right to remove assets from the Reference Portfolio. If Intrum Hellas outperforms certain KPI thresholds, it is entitled to receive an incentive fee.

The agreement contains customary representations and warranties, indemnities and special termination rights. If Intrum Hellas terminates the agreement with cause, it is entitled to receive an early termination fee as compensation for the early termination of the SLA.

14. ELEMENTS OF REGULATORY FRAMEWORK

All references herein to Bank are to Piraeus Bank Société Anonyme.

14.1 Introduction

The Group is subject to various financial services laws, regulations, administrative actions and policies in each jurisdiction where its members operate. In addition, through the trading of the Ordinary Shares on the ATHEX, Piraeus Holdings is also subject to applicable capital markets laws in Greece.

The Bank of Greece is the central bank in Greece and an integral part of the Eurosystem and, together with the other national central banks of the Euro area and the ECB, participates in the formulation of the single monetary policy for the Euro area. The ECB is the central bank for the Euro and manages the Eurozone's monetary policy. Among other tasks, the ECB, through the SSM, also has direct supervisory competence in respect of credit institutions, financial holding companies, mixed financial holding companies established in participating member states, and branches in participating member states of credit institutions established in non-participating member states that are significant. The national competent authorities (the "NCAs") are responsible for directly supervising the entities that are less significant, without prejudice to the ECB's power to decide in specific cases to directly supervise such entities where this is necessary for the consistent application of supervisory standards.

In relation to Piraeus Holdings and the Bank, pursuant to its decision dated 21 December 2020, the ECB has decided that:

- (a) Piraeus Holdings and the Bank are a significant supervised group within the meaning of point (22) of Article 2 of Regulation (EU) No 468/2014 of the ECB;
- (b) Piraeus Holdings is classified as a significant supervised entity within the meaning of Article 6(4) of Regulation (EU) No 1024/2013; and
- (c) Piraeus Holdings is considered to be the entity at the highest level of prudential consolidation within that supervised group.

The ECB is exclusively responsible for the prudential supervision of significant supervised groups, such as Piraeus Holdings and the Bank, which includes the power to:

- authorise and withdraw authorisations;
- for credit institution that wish to establish a branch or provide cross-border services in a country outside the Eurozone, carry out the tasks which the competent authority of the home member state shall have under the relevant EU law;
- assess the acquisition and disposal of qualifying holdings;
- ensure compliance with all prudential requirements and set, where necessary, higher prudential requirements, for example for macro-prudential reasons to protect financial stability under the conditions provided by EU law;
- ensure compliance with the applicable governance requirements, including the fit and proper requirements for the persons responsible for the management of credit institutions, risk management processes, internal control mechanisms, remuneration policies and practices and effective internal capital adequacy assessment processes;
- carry out supervisory reviews, including where appropriate in coordination with the EBA, stress tests and, on the basis of that supervisory review, impose specific additional own funds requirements, specific publication requirements, specific liquidity requirements and other measures, where specifically made available to competent authorities by relevant EU law; and
- impose a wide range of supervisory measures, depending on the bank's risk profile assessment.

As regards the monitoring of credit institutions, the NCAs will continue to be responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country credit institutions.

The ECB also has the right to impose pecuniary sanctions.

14.2 Prudential supervision of financial holding companies

Approval of financial holding companies

In accordance with CRD V, parent financial holding companies, such as Piraeus Holdings, should seek approval by their consolidating supervisor and, where different, the competent authority in the Member State where they are established.

Assuming *verbatim* transposition of CRD V into Greek law, Piraeus Holdings will be required to seek approval by the ECB and the Bank of Greece, in order to act as the financial holding company of Piraeus Bank Société Anonyme. Such approval would be granted only where all of the following conditions are fulfilled:

- the internal arrangements and distribution of tasks within the group are adequate for the purpose of complying with the requirements that would be imposed by the law transposing CRD V and the CRR on a consolidated basis and, in particular, are effective to: (i) coordinate all the subsidiaries of the financial holding company including, where necessary, through an adequate distribution of tasks among subsidiary institutions; (ii) prevent or manage intra-group conflicts; and (iii) enforce the group-wide policies set by the parent financial holding company throughout the group;
- the structural organisation of the group of which the financial holding company is part does not obstruct or otherwise prevent the effective supervision of the subsidiary institutions as concerns the individual, consolidated and, where appropriate, sub-consolidated obligations to which they are subject. The assessment of that criterion shall take into account, in particular: (i) the position of the financial holding company in a multi-layered group; (ii) the shareholding structure; and (iii) the role of the financial holding company within the group;
- the criteria set out in Article 14 and the requirements laid down in Article 114 of the Banking Law are complied with.

The approval process may take up to six months from receipt of the relevant application.

Where the ECB and the Bank of Greece have established that the conditions set out above are not met or have ceased to be met, Piraeus Holdings shall be subject to appropriate supervisory measures to ensure or restore, as the case may be, continuity and integrity of consolidated supervision and ensuring compliance with the requirements that would be laid down in the law transposing CRD V and in CRR on a consolidated basis. These supervisory measures may include:

- suspending the exercise of voting rights attached to the shares of the subsidiary institutions held by the Piraeus Holdings;
- issuing injunctions or penalties against Piraeus Holdings or the members of the management body and managers;
- giving instructions or directions to Piraeus Holdings to transfer to its shareholders the participations in its subsidiary institutions;
- designating on a temporary basis another financial holding company, mixed financial holding company or institution within the group as responsible for ensuring compliance with the requirements that would be laid down in the law transposing CRD V and in CRR on a consolidated basis;
- restricting or prohibiting distributions or interest payments to shareholders;
- requiring Piraeus Holdings to divest from or reduce holdings in institutions or other financial sector entities;
- requiring Piraeus Holdings to submit a plan on return, without delay, to compliance.

14.3 The regulatory framework—prudential supervision of credit institutions

Credit institutions operating in Greece are required, among other things, to:

- observe liquidity ratios prescribed by the applicable provisions of the Banking Law, the CRR and the relevant Bank of Greece Governor's Acts, to the extent that such acts are not contrary to the provisions of the CRD IV;

- maintain efficient internal audit, compliance and risk management systems and procedures, in accordance with the Bank of Greece Governor's Act No. 2577/2006, as amended and supplemented by subsequent decisions of the Governor of the Bank of Greece, of the Bank of Greece Executive Committee and the Banking and Credit Committee of the Bank of Greece;
- submit to the Bank of Greece periodic reports and statements required under Bank of Greece Governor's Act No. 2651/2012, as amended and in force;
- disclose data regarding the bank's financial position and its risk management policy;
- provide the Bank of Greece and, where relevant, the ECB with such further information as they may require;
- in connection with certain operations or activities, notify or request the prior approval of the ECB acting in co-operation with the Bank of Greece or the Bank of Greece, as the case may be, in each case in accordance with the applicable laws of Greece and the relevant acts, decisions and circulars of the Bank of Greece (each as in force from time to time); and
- permit the Bank of Greece and, where relevant, the ECB to conduct audits and inspect books and records of the bank, in accordance with the Banking Law and certain Bank of Greece Governor's Acts.

If a credit institution breaches any law or regulation falling within the scope of the supervisory power attributed to the ECB or, as the case may be, the Bank of Greece, the ECB or the Bank of Greece, respectively, is empowered, among others, to:

- require the credit institution to strengthen their arrangements, processes and strategies;
- sanction misconducts;
- require the credit institution to take appropriate measures (which may include prohibitions or restrictions on dividends, requiring a share capital increase or requiring prior approval for future transactions) to remedy the breach;
- impose fines, in accordance with (i) Article 55A of the Articles of Association of the Bank of Greece and (ii) the provisions of the Banking Law;
- appoint a commissioner; and
- where the breach cannot be remedied, revoke the licence of the credit institution and place it in a state of special liquidation.

Credit institutions established in Greece are subject to a range of reporting requirements, including the submission of reports relating to:

- capital structure, qualifying holdings, persons who have a special affiliation with the institution and loans or other types of credit exposures that have been provided to these persons by the institution;
- own funds and capital adequacy ratios;
- capital requirements for all kinds of risks;
- large exposures and concentration risk;
- liquidity risk;
- interbank market details;
- financial statements and other financial information;
- covered bonds;
- internal control systems;
- prevention and suppression of money laundering and terrorist financing; and
- IT systems.

14.4 Capital adequacy framework

In December 2010, the Basel Committee on Banking Supervision issued two prudential regulation framework documents which contained the Basel III capital and liquidity reform package. The Basel III

framework has been implemented in the EU through the CRD IV and the CRR, which have been transposed into Greek law where applicable. In June 2020, the EU Council approved Regulation (EU) 2020/873 (“CRR Quick Fix”) amending CRR and Regulation 2019/876 to mitigate the economic effects of the COVID-19 pandemic.

Full implementation of the Basel III framework began on 1 January 2014, with particular elements being phased in over the period to 2019, although some minor transitional provisions provide for phase-in until 2024.

The major points of the capital adequacy framework include:

Quality and quantity of capital

The definition of regulatory capital and its components has been revised at each level. A minimum CET1 capital ratio of 4.5%, a minimum Tier 1 capital ratio of 6% and a minimum total capital ratio of 8% have been imposed, and there is a requirement for Additional Tier 1 capital instruments to have a mechanism that requires them to be written down or converted on the occurrence of a trigger event.

Capital adequacy is monitored on the basis of the consolidated situation of Piraeus Holdings and is submitted quarterly to the ECB.

The main objectives of the Group related to its capital adequacy management are the following:

- Comply with the capital requirements regulation according to the supervisory framework.
- Preserve the Group’s ability to continue unhindered its operations.
- Retain a sound and stable capital base supportive of the Bank’s management business plans.
- Maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

The Group applies the following methodologies for the calculation of Pillar I capital requirements:

- the standardised approach for calculating credit risk;
- the mark-to-market method for calculating counterparty credit risk;
- the standardised approach for calculating market risk;
- the standardised approach for calculating credit valuation adjustment risk; and
- the standardised approach for calculating operational risk.

Capital buffer requirements

In addition to the minimum capital ratios described above, banks are required under Article 121 *et seq.* of the Banking Law to comply with the combined buffer requirement consisting of the following additional capital buffers:

- a capital conservation buffer of 2.5% of risk-weighted assets;
- a systemic risk buffer ranging between 1% and 5% of risk-weighted assets designed to prevent and mitigate long-term non-cyclical systemic or macro-prudential risks not covered by the CRR. This buffer has not been applied in Greece to date;
- a countercyclical buffer ranging between 0% and 2.5% of risk-weighted assets depending on macroeconomic factors. In line with previous years, this buffer has been specified at 0% for Greek credit institutions for the second quarter of 2021 pursuant to the Decision 186/18.03.2021 of the Executive Committee of the Bank of Greece. The countercyclical buffer should be built up when aggregate growth in credit and other asset classes with a significant impact on the risk profile of such credit institutions are judged to be associated with a build-up of system-wide risk, and drawn down during stressed periods;
- an O-SII buffer which, for the Bank, ranges between 1% and 3% of risk-weighted assets. Potentially, assuming verbatim transposition of CRD V into Greek law, the Bank of Greece shall have the power to require an O-SII buffer higher than 3%, subject to receiving approval for said requirement by the European Commission. For Piraeus Bank, the O-SII buffer was set at 0.25% in 2019 and will phase in to 0.75% over four years from 2019 to 2023; and

- a global systemically important institutions (the “G-SII”) buffer ranging between 1% and 5% of risk-weighted assets designed to prevent and mitigate long-term non-cyclical systemic or macro-prudential risks not covered by the CRR. The G-SII buffer has not been applied in Greece to date;

Depletion of these buffers will trigger limitations on dividends, distributions on capital instruments and variable compensation. The said buffers are designed to absorb losses in stress periods.

Article 473a of the CRR allows banks to mitigate the impact of the introduction of IFRS 9 on regulatory capital and leverage ratios during a 5-year transitional period. According to Article 473a, of the CRR banks may add to the CET1 ratio the post-tax amount of the difference in provisions that resulted from the transition to the IFRS 9 in relation to the provisions that have been recognised at 31 December 2018 in accordance with IAS 39. The weighting factors were set per year at 0.85 in 2019, 0.70 in 2020, 0.5 in 2021 and 0.25 in 2022. Under CRR Quick Fix transitional arrangements are extended only for the dynamic component to address the potential increase in ECL provisions following the COVID-19 pandemic. The reference date for any increase in provisions that would be subject to the extended transitional arrangements is moved from 1 January 2018 to 1 January 2020. Amended provision 6a extends the transition for the dynamic component, allowing institutions to fully add-back to their CET1 capital any increase in new provisions recognised in 2020 and 2021 for their financial assets that are not credit-impaired. The amount that could be added back from 2022 to 2024 would decrease in a linear manner.

The Bank has decided to avail itself of Article 473a and applies the transitional provisions in calculating capital adequacy on both a standalone and consolidated basis.

Deductions from CET1

The definition of items that should be deducted from regulatory capital has been revised. In addition, most of the items that were required to be deducted from regulatory capital are now deducted in whole from the CET1 component.

Central counterparties

To address the systemic risk arising from the interconnectedness of credit institutions and other financial institutions through the derivatives markets, a 2% risk-weight factor was introduced to certain trade exposures to qualifying central counterparties. The capitalisation of credit institution exposures to central counterparties is based in part on the compliance of the central counterparty with the International Organisation of Securities Commissions’ standards (since non-compliant central counterparties are treated as bilateral exposures and do not receive the preferential capital treatment referred to above).

Asset value correlation multiplier for large financial sector entities

A multiplier of 1.5% is to be applied to the correlation parameter of all exposures to large financial sector entities meeting particular criteria that are specified in the CRR.

Counterparty credit risk

The counterparty credit risk management standards have been raised in a number of areas, including for the treatment of so-called wrong-way risk, that is, cases where the exposure increases when the credit quality of the counterparty deteriorates. For example, the CRR introduced a capital charge for potential mark-to-market losses associated with deterioration in the creditworthiness of a counterparty and the calculation of expected positive exposure by taking into account stressed parameters.

Liquidity requirements

An LCR, which is an amount of unencumbered, high-quality liquid assets that must be held by a bank to offset estimated net cash outflows over a 30-day stress scenario has been introduced. The ratio requirement is 100%. In addition, a NSFR, which is the amount of longer-term, stable funding that must be held by a bank over a one-year timeframe based on liquidity risk factors assigned to assets and off-balance sheet liquidity exposures, is envisaged. The NSFR ratio requirement is the amount of longer-term, stable funding that must be held by a credit institution over a one-year timeframe based on liquidity risk factors assigned to assets and off-balance sheet liquidity exposures.

In order to foster consistency and efficiency of supervisory practices across the EU, the EBA is continuing to develop the EBA Single Rulebook, a supervisory handbook applicable to EU member states. However, the EBA Single Rulebook has not yet been finalised.

Recent developments

In April 2019, the European Parliament endorsed a package of measures that impact both capital requirements and resolution powers. The legislative texts were published in the Official Journal of the EU in June 2019. The package contains a number of measures, including:

- a leverage ratio requirement for all institutions as well as a leverage ratio buffer for all global systemically important institutions;
- a new market risk framework for reporting purposes;
- revised rules on capital requirements for counterparty credit risk and for exposures to central counterparties;
- a revised Pillar 2 framework;
- an updated macro-prudential toolkit;
- targeted amendments to the credit risk framework to facilitate the disposal of NPEs;
- enhanced prudential rules in relation to anti-money laundering;
- a new total loss absorbing capacity (TLAC) requirement for global systemically important institutions;
- enhanced MREL subordination rules for G-SIIs and other large banks referred to as top-tier banks; and
- a new moratorium power for the resolution authority.

Leverage ratio

The financial crisis highlighted that institutions were taking on greater exposures (for example, loans, derivatives and guarantees) but raising only relatively limited amounts of additional capital. The new package introduces a binding leverage ratio requirement (that is, a capital requirement independent from the riskiness of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to the CRR. The leverage ratio requirement complements the existing framework to calculate the leverage ratio, to report it to supervisors and, since January 2015, to disclose it publicly. The leverage ratio requirement is set at 3% of Tier 1 capital and institutions must meet it in addition to/in parallel with their risk-based capital requirements. An additional leverage buffer applies to G-SIIs but the Bank is not a G-SII.

MREL subordination rules

In order to ensure effective and credible application of the bail-in resolution tool to impose losses on banks' creditors in the case of a banking crisis, banks are subject to an MREL, with the relevant instruments earmarked for bail-in in a crisis. The EU resolution framework requires banks to comply with the MREL at all times by holding easily "bail-inable" instruments, so as to ensure that losses are absorbed and banks are recapitalised once they get into a financial difficulty and are subsequently placed into resolution.

The package proposes to tighten the rules on the subordination of MREL instruments. Beyond, the existing G-SII category, a new category of large banks, called "top-tier banks" with a balance sheet size greater than €100 billion, has been established in relation to which more prudent subordination requirements are formulated. National resolution authorities may also select banks which are neither G-SIIs nor top tier banks and subject them to the top-tier bank treatment. An MREL minimum pillar 1 subordination policy for each of these two categories of bank has been agreed. For other banks, the subordination requirement remains a bank-specific assessment based on the principle of "no creditor worse off".

On 20 May 2020, the SRB issued a new MREL policy, which it will apply under the Banking Reform Package, indicating that its MREL decisions implementing the new framework will be taken based on such policy in the 2020 resolution planning cycle and that those decisions will be communicated to banks in early 2021 setting out binding MREL targets, including those for subordination: the fully calibrated MREL target to be met by 1 January 2024. However, in light of the COVID-19 pandemic, the SRB noted that it will take a forward-looking approach for banks that may face difficulties meeting those targets, before new decisions take effect and

that in the 2020 resolution planning cycle, MREL targets will be set according to a transition period, that is setting the final target for compliance by 2024 on the basis of recent MREL data and reflecting changing capital requirements. The Bank has been granted a time extension to meet the respective final target until 31 December 2025. For Piraeus Bank, the fully calibrated MREL target to be met by 31 December 2025 is 23.23%.

Moratorium power for resolution authorities

In order to avoid excessive outflows of liquidity in a bank resolution, the package proposes a moratorium power, which should be triggered after a bank is declared “failing or likely to fail”. The power to impose the moratorium also includes covered deposits and can be imposed for a maximum duration of two days, in line with International Swaps and Derivatives Association agreements.

14.5 COVID-19 pandemic related measures

In reaction to the COVID-19 pandemic, among others:

- On 12 March 2020, the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to (i) operate temporarily below the level of capital defined by Pillar 2 Guidance, the capital conservation buffer and the LCR and (ii) use capital instruments that do not qualify as CET1 (for example Additional Tier 1 and Tier 2 capital instruments) to meet Pillar 2 Guidance (anticipating the entry into force of Article 104 of the CRR II);
- On 20 March 2020, the ECB announced that it has introduced supervisory flexibility regarding the treatment of NPEs, in particular to allow banks to fully benefit from guarantees and moratoriums put in place by public authorities to tackle the current distress. In such connection, ECB indicated that it will exercise flexibility regarding the classification of debtors as “unlikely to pay” when banks call on public guarantees granted in the context of coronavirus, as well as certain flexibilities regarding loans under COVID-19 related public moratoria. In addition, loans which become non-performing and are under public guarantees will benefit from preferential prudential treatment in terms of supervisory expectations about loss provisioning, while supervisors will deploy full flexibility when discussing with banks the implementation of NPE reduction strategies, taking into account the extraordinary nature of current market conditions; and
- CRR Quick Fix was enacted in June 2020 amending CRR and CRR II to encourage banks to continue lending to businesses and households during the crisis caused by the COVID-19 pandemic and to absorb the economic shock of the pandemic. Among other things, this regulation:
 - (i) extends the transitional arrangements for mitigating the impact of the International Financial Reporting Standard (IFRS) 9 provisions on regulatory capital;
 - (ii) applies a preferential treatment for publicly guaranteed loans under the prudential backstop for NPEs available under the CRR;
 - (iii) delays until 1 January 2023 the application of the leverage ratio buffer for G-SIIs;
 - (iv) reflects more favourable prudential treatment of SME and infrastructure exposures as well as loans to pensioners and employees (with a permanent contract) backed by the borrower’s pension or salary;
 - (v) recalibrates the mechanism for offsetting the impact of excluding certain exposures from the calculation of the leverage ratio; and
 - (vi) brings forward the dates of application of certain reforms introduced by the CRR II.

14.6 Equity participations of individuals or legal entities in Greek credit institutions

Any individual or legal entity, separately or jointly, intending to acquire, directly or indirectly, a significant holding (*i.e.* a percentage that is equal or exceeds (in case of an initial acquisition) 10% or increase a holding and reaches or exceeds the thresholds of 20%, 1/3, 50% of the voting rights or equity participation in, or acquire control of, a Greek credit institution, or so that the credit institution would become its subsidiary, must notify in writing in advance the ECB through the Bank of Greece of such intention, pursuant to Article 23 of the Banking Law and Articles 4 and 9 of the SRM Regulation (as defined herein) and go through an assessment review process (commonly known as “fit and proper”), pursuant to which the supervisory authority would confirm the fulfilment of the relevant suitability criteria. An envisaged acquisition of a percentage between 5% and 10% entails the obligation to inform the competent authority on the contemplated acquisition so that such authority confirms whether the above would entail the exercise of significant influence, in which case fulfilment of the relevant assessment criteria is also reviewed.

The Bank of Greece, in cooperation with the ECB, assesses the acquiror for the approval of the contemplated acquisition.

The notification obligations also exist where an individual or legal entity decides to cease to hold, directly or indirectly, an equity participation in a Greek bank or to reduce its participation below legally defined thresholds.

14.7 Recovery and resolution of credit institutions

On 15 May 2014, the European Parliament and the Council of the EU adopted Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (commonly referred to as the BRRD) which was transposed in Greece pursuant to the Greek BRRD Law. For credit institutions established in the Eurozone, such as the Bank, which are supervised within the framework of the SSM, Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the “SRM Regulation”) provides for a coherent application of the resolution rules across the Eurozone under responsibility of the SRB, which is an EU agency, with effect since 1 January 2016 (this framework is referred to as the “Single Resolution Mechanism”, the “SRM”).

Within the SRM, the SRB is responsible for adopting resolution decisions in close cooperation with the ECB, the European Commission, the Council of the EU and national resolution authorities in the event that a significant credit institution and/or its parent financial holding company directly supervised by the ECB, such as the Bank and Piraeus Holdings, respectively, is failing or likely to fail and certain other conditions are met. The national resolution authorities in the EU member states concerned would implement such resolution decision adopted by the SRB in accordance with the powers conferred on them under the national laws transposing the BRRD. The national resolution authority competent for Greece is the Bank of Greece.

The BRRD was amended by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 (BRRD, as amended, “BRRD II”). In addition, the SRM Regulation was amended by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 (the SRM Regulation, as amended, the “SRM Regulation II”).

In Greece, the transposition of the BRRD II is currently pending while the SRM Regulation II came into force on 28 December 2020.

Single Resolution Mechanism

If the Bank and/or Piraeus Holdings infringes or is likely in the near future to infringe capital or liquidity requirements, the ECB has the power to impose early intervention measures. These measures include the power to require changes to the legal or operational structure of the entity concerned, or its business strategy, and the power to require the managing board to convene a general meeting of shareholders of the entity concerned at which the ECB may set the agenda and require certain decisions to be considered for adoption by such general meeting.

The SRB is responsible for preparing resolution plans for, and directly resolving, all banks and groups directly supervised by the ECB and other cross-border groups. In most cases, the ECB would notify the SRB, the European Commission and the relevant national resolution authorities that a bank and/or its parent company is failing. The SRB would then assess whether there is a systemic threat and any private sector solution.

In certain circumstances, including if a bank and/or its parent company reaches a point of non-viability or where certain forms of extraordinary public financial support are required, the SRB in close co-operation with the relevant national resolution authority may take pre-resolution measures, including the write-down and cancellation of shares and the conversion of capital instruments and eligible liabilities into shares. If a bank and/or its parent company meets the conditions for resolution, the SRB may apply the relevant resolution tools and exercise the relevant resolution powers in line with the resolution plan prepared by the SRB. See “—*Recovery and resolution powers*”. This process is known as “Public Interest Assessment” which is one of the key policies underpinning the work of the SRB. It examines whether the resolution of a particular bank which is failing or likely to fail, would be necessary to ensure, for example, one or more of the following objectives: maintaining financial stability, protecting covered depositors and safeguarding public funds by minimizing reliance on extraordinary public financial support. If such process is not deemed necessary, national insolvency procedures would apply.

The European Commission is responsible for assessing the discretionary aspects of the SRB's decision and endorsing or objecting to the resolution scheme. The European Commission's decision is subject to approval or objection by the European Council only when the amount of resources drawn from the Single Resolution Fund (the "SRF") is modified or if there is no public interest in resolving the entity concerned. If the European Council or the European Commission objects to the resolution scheme, the SRB must amend it. The resolution scheme, once approved, is implemented by the national resolution authorities. If resolution entails state aid, the European Commission must approve the aid before the SRB can adopt the resolution scheme.

The SRB also determines the MREL targets that must be complied with at all times; see "*—Resolution tools*".

All the banks in the participating member states contribute to the SRF. The SRF was established for the purpose of ensuring the efficient application of the resolution tools and exercise of the resolution powers by the resolution authorities. The SRF consists of contributions from credit institutions and certain investment firms in the participating member states of the SRM. The SRF has a target funding level of €55 billion or at least 1% of the amount of covered deposits of all credit institutions within the Banking Union (expected to be reached by 31 December 2023). The SRF is owned and administered by the SRB.

Recovery and resolution powers

The resolution powers are divided into three categories:

- ***Preparation and prevention***: Banks and/or their parent companies are required to prepare recovery plans while the relevant resolution authority (in the case of Piraeus Holdings and the Bank, the SRB) prepares a resolution plan for each entity concerned at a stand-alone or consolidated level, as applicable. The resolution authorities have supervisory powers to address or remove impediments to resolvability. Financial groups may also enter into intra-group support agreements to limit the development of a crisis;
- ***Early intervention***: The competent authority (which, in the case of Piraeus Holdings and the Bank and for this purpose is the ECB) may arrest a deteriorating situation of the entity concerned at an early stage so as to avoid insolvency. Its powers in this respect include requiring the entity concerned to implement its recovery plan, replacing existing management, drawing up a plan for the restructuring of debt with its creditors, changing its business strategy and changing its legal or operational structures. If these tools are insufficient, new senior management or a new management body may be appointed subject to the approval of the resolution authority which is also entitled to appoint one or more temporary administrators; and
- ***Resolution***: This involves reorganising or winding down the entity or entities concerned in an orderly fashion outside special liquidation proceedings while preserving its or their critical functions and limiting to the maximum extent possible taxpayer losses.

Conditions for resolution

The conditions that have to be met before the resolution authority takes a resolution action are:

- the competent authority, after consulting with the resolution authority, determines that the entity concerned is failing or likely to fail. An entity will be deemed to be failing or likely to fail in one or more of the following circumstances:
 - (i) it infringes or is likely to infringe the requirements for continuing authorisation in a way that would justify the withdrawal of its authorisation, for example by incurring losses that will deplete all or a significant amount of its own funds;
 - (ii) its assets are, or there is objective evidence that its assets will in the near future be, less than its liabilities;
 - (iii) it is, or there is objective evidence that it will in the near future be, unable to pay its debts or other liabilities as they fall due; or
 - (iv) extraordinary public financial support is required, unless the support takes one of the forms specified in the BRRD;
- having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector or supervisory action, including early intervention measures or the write down or conversion of relevant capital instruments and eligible liabilities, would prevent the failure of the entity concerned within a reasonable timeframe; and

- a resolution action is in the public interest, that is, it is necessary for the achievement of, and is proportionate to, one or more of the resolution objectives set out in the Greek BRRD Law and the winding up of the entity concerned under normal special liquidation proceedings would not meet those resolution objectives to the same extent.

Resolution tools

When the trigger conditions for resolution are satisfied, the relevant resolution authority may apply any or all of the following tools:

- the **sale of business tool**, which enables the resolution authority to transfer ownership of, or all or any assets, rights or liabilities of, the entity concerned to a purchaser (that is not a bridge institution) on commercial terms without requiring the consent of the shareholders or, save as required by the Greek BRRD Law, complying with the procedural requirements that would otherwise apply;
- the **bridge institution tool**, which enables the resolution authority to transfer ownership of, or all or any assets, rights or liabilities of, the entity concerned to a publicly controlled entity known as a bridge institution without requiring the consent of the shareholders. The operations of the bridge institution are temporary, the aim being to sell the business to the private sector when market conditions are appropriate;
- the **asset separation tool**, which enables the resolution authority to transfer some or all of the assets, rights and liabilities of the entity concerned, without obtaining the consent of shareholders, to an asset management vehicle to allow them to be managed and worked out over time. This tool may only be used when: (i) the market situation for the assets concerned is such that their liquidation under normal special liquidation proceedings could have an adverse effect on one or more financial markets; or (ii) the transfer is necessary to ensure the proper functioning of the entity concerned under resolution or the bridge institution; or (iii) the transfer is necessary to maximise liquidation proceeds. This tool may be used only in conjunction with other tools to prevent an undue competitive advantage for the failing entity; and
- the **bail-in tool**, which gives the resolution authority the power to write down eligible liabilities of the entity concerned and/or to convert such claims to equity. The resolution authority may use this tool only (i) to recapitalise the entity concerned to the extent sufficient to restore its ability to comply with the conditions for its authorisation, to continue to carry out the activities for which it is authorised and to restore it to financial soundness and long-term viability or (ii) to convert to equity or reduce the principal amount of obligations or debt instruments that are transferred to a bridge institution (with a view to providing capital to the bridge institution) or that are transferred under the sale of business tool or the asset separation tool.

When using the bail-in tool, the relevant resolution authority must write down or convert obligations of an entity under resolution in the following order:

- (b) CET1;
- (c) Additional Tier 1 instruments;
- (d) Tier 2 instruments;
- (e) other subordinated debt, in accordance with the ranking of claims in special liquidation proceedings; and
- (f) other eligible liabilities, in accordance with the ranking of claims in special liquidation proceedings.

A number of liabilities are excluded from the bail-in tool, including covered deposits and secured liabilities (including covered bonds). For the purposes of the bail-in tool, the designated resolution entities are required to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities at a stand-alone and/or consolidated level, the aim of which is to ensure that they have sufficient loss-absorbing capacity.

The ranking of liabilities in the case of special liquidation proceedings against a credit institution are provided for by Article 145A of the Banking Law.

The preferentially ranked claims are:

- (a) claims deriving from the provision of employment services and legal fees to the extent that the claims arose during the two years prior to the declaration of bankruptcy, claims of the Greek state for value

added tax and other taxes aggregated with any surcharges and interest accrued, and claims of social security organisations;

- (b) Greek state claims arising in the case of a recapitalisation by the Greek state of institutions pursuant to the BRRD's extraordinary capital support provisions;
- (c) claims deriving from guaranteed deposits or claims of the Hellenic Deposit and Investment Guarantee Fund (the "HDIGF") in respect of depositors' rights and obligations which have been compensated by the HDIGF, and for the amount of such compensation;
- (d) any type of Greek state claim aggregated with any surcharges and interest charged on these claims;
- (e) the following claims on a *pro rata* basis:
 - (i) claims of the SRF, to the extent it has provided financing to the institution; and
 - (ii) claims in respect of eligible deposits to the extent that they exceed the coverage threshold for deposits of natural persons and micro, small and medium-sized enterprises;
- (f) claims deriving from investment services covered by the HDIGF or claims of the HDIGF in respect of the rights and obligations of investors which have been compensated by the HDIGF, and for the amount of such compensation;
- (g) claims deriving from eligible deposits to the extent that they exceed the coverage limit and do not fall under (e) above;
- (h) claims deriving from deposits exempted from compensation, excluding claims deriving from transactions of investors for which a final court decision has been issued for a penal violation of anti-money laundering rules; and
- (i) all claims that do not fall within the above listed points and are not subordinated claims as per the relevant agreement governing them, including but not limited to, liabilities under loan agreements and other credit agreements, from debt instruments issued by the credit institution, from agreements for the supply of goods or for the provision of services or from derivatives.

This class of preferred liabilities does not include claims resulting from debt instruments that meet the following conditions: (i) the original contractual maturity of the debt instruments is at least one year; (ii) the debt instruments contain no embedded derivatives and are not derivatives themselves; and (iii) the relevant contractual documentation and, where applicable, the prospectus related to the issuance explicitly refer to this lower ranking. Such claims are classified as common claims without preference and rank *pari passu*, pursuant to Article 145A of the Banking Law, with obligations of the credit institutions concerned under unsecured and unsubordinated debt instruments issued by it and guarantees related to such debt instruments issued by its subsidiaries that have been issued or provided for, respectively, prior to 18 December 2018 (*i.e.* the date of entry into force of Article 104 of Law 4583/2018 which has transposed into Greek law Directive 2017/2399).

An additional tool, *i.e.* a moratorium tool, has recently been endorsed by the European Parliament. See "*Capital adequacy framework—Recent developments—Moratorium power for resolution authorities*".

Extraordinary public financial support

In an exceptional systemic crisis, extraordinary public financial support may be provided through the public financial stabilisation tools listed below as a last resort and only after having assessed and utilised, to the maximum extent, the other resolution tools, in order to avoid, through direct intervention, the winding-up of the relevant bank or other entity concerned and to enable the resolution purposes to be accomplished. The use of extraordinary public financial support requires a decision of the Minister of Finance following a recommendation from the Systemic Stability Board (Greek Ministry of Finance) and consultation with the relevant resolution authorities.

The public financial stabilisation tools are:

- public capital support provided by the Ministry of Finance or, in respect of credit institutions, by the HFSF following a decision by the Minister of Finance; and
- temporary public ownership of the entity concerned by the Greek state or a company which is wholly owned and controlled by the Greek state.

All of the following conditions must be met for the public financial stabilisation tools to be implemented:

- the entity concerned meets the conditions for resolution;
- the shareholders, owners of other instruments of ownership, holders of relevant capital instruments and the holders of eligible liabilities have contributed, through conversion, write down or by any other means, to the absorption of losses and the recapitalisation by an amount equal to at least 8% of the total liabilities, including own funds, of the entity concerned, calculated at the time of the resolution action; and
- prior and final approval by the European Commission regarding the EU state aid framework for the use of the chosen tool has been granted.

In addition to the above, for the provision of public financial support, one of the following conditions must also be met:

- the application of the resolution tools would not be sufficient to avoid a significant adverse effect on financial stability;
- the application of the resolution tools would not be sufficient to protect the public interest, where extraordinary liquidity assistance from the central bank has previously been given to the entity concerned; and/or
- in respect of the temporary public ownership tool, the application of the resolution tools would not be sufficient to protect the public interest, where capital support through the public capital support tool has previously been given to the entity concerned.

By way of exception, extraordinary public financial support may be granted to the entity concerned in the form of an injection of own funds or the purchase of capital instruments without the implementation of resolution measures, if all of the following conditions, to the extent relevant, are satisfied:

- in order to remedy a serious disturbance in the economy of an EU member state and preserve financial stability;
- in relation to a solvent entity in order to address a capital shortfall identified in a stress test, assets quality review or equivalent exercise;
- at prices and on terms that do not confer an advantage upon the entity concerned;
- on a precautionary and temporary basis;
- subject to final approval of the European Commission;
- not to be used to offset losses that the entity concerned has incurred or is likely to incur in the near future;
- the entity concerned has not infringed, and there is no objective evidence that it will in the near future infringe, its authorisation requirements in a way that would justify the withdrawal of its authorisation;
- the assets of the entity concerned are not, and there is no objective evidence that its assets will in the near future be, less than its liabilities;
- the entity concerned is not, and there is no objective evidence that it will be, unable to pay its debts or other liabilities when they fall due; and
- the circumstances for the exercise of the write-down or conversion powers in respect of Additional Tier 1 and Tier 2 capital instruments of the entity concerned do not apply.

Resolution authority's powers

The resolution authority has a broad range of powers when applying resolution measures and tools. When applying the resolution tools and exercising its resolution powers, the resolution authority must have regard to the following objectives:

- ensuring the continuity of critical functions;
- avoiding significant adverse effects on financial stability, including by preventing contagion, and maintaining market discipline;
- protecting public funds by minimising reliance on extraordinary public financial support;

- avoiding unnecessary deterioration of value and seeking to minimise the cost of resolution;
- protecting depositors and investors covered by deposit guarantee schemes and investor compensation schemes, respectively; and
- protecting client funds and client assets,

as well as the following principles:

- the shareholders of the entity concerned under resolution bear losses first;
- the creditors of the entity concerned under resolution bear losses after the shareholders in accordance with the order of priority of their claims under normal special liquidation proceedings;
- senior management or the management body of the entity concerned under resolution is replaced unless it is deemed that retaining management is necessary for resolution purposes;
- senior management or the management body of the entity concerned under resolution shall provide all necessary assistance for the achievement of the resolution objectives;
- natural and legal persons remain liable, under applicable law, for the failure of the entity concerned;
- except where specifically provided in the Greek BRRD Law, creditors of the same class are treated in an equitable manner;
- no creditor incurs greater losses than would be incurred if the entity concerned would have been wound up under normal special liquidation proceedings;
- covered deposits are fully protected; and
- resolution action is taken in accordance with the applicable safeguards provided in the Greek BRRD Law.

Assuming *verbatim* transposition of the BRRD II into Greek law, Article 33a of the BRRD Law shall provide for the power of the competent resolution authority (which, in the case of Piraeus Holdings and the Bank is the SRB) to suspend payment or delivery of certain obligations for a maximum duration of two days if an entity is declared “failing or likely to fail” and subject to certain conditions. In the context of this provision, the resolution authority is also empowered to potentially restrict secured creditors from enforcing security interests and suspend termination rights for the same duration.

The HFSF

The HFSF has been established in 2010 pursuant to the HFSF Law as a private law entity, having as a purpose the contribution to the maintenance of the stability of the Greek banking system for the sake of public interest. The HFSF is regulated by and acts in line with the HFSF Law as amended and currently in force and the relevant commitments under the memorandum of understanding of 15 March 2012, a draft of which was ratified by Law 4046/2012, as amended from time to time and the memorandum of understanding of 19 August 2015, a draft of which was ratified by Law 4336/2015, as amended from time to time. The HFSF shall comply with, and is authorised to take any actions to comply with and to give full effect to its obligations under, or arising out of or in connection with the Master Financial Facility Agreement of 15 March 2012, a draft of which was ratified by Law 4060/2012, as in force, and under the Financial Assistance Facility Agreement of 19 August 2015, a draft of which was ratified by Law 4336/2015, as in force, respectively. The HFSF operates on the basis of a comprehensive strategy with regards to the financial sector and the management of NPEs, which constitutes the subject matter of an agreement between the Ministry of Finance, the Bank of Greece and the HFSF, as amended from time to time. The duration of the HFSF shall be until 31 December 2022, which may be extended pursuant to a decision of the Minister of Finance, if deemed necessary for the fulfilment of its scope.

In pursuing its objective, the HFSF shall: (i) provide capital support to credit institutions, pursuant to the HFSF Law, as amended and in force, and in adherence to the EU regulation regarding state aid; (ii) monitor and assess how credit institutions to which the HFSF provides capital support comply with their restructuring plans, whilst ensuring that such credit institutions operate on an autonomous market basis and in such a manner that ensures in a transparent way private investor participation in their capital; (iii) exercise its shareholding rights deriving from its participation in the credit institutions; (iv) dispose in whole or partially financial instruments issued by the credit institutions in which it participates; (v) provide loans to the HDIGF for resolution purposes; (vi) facilitate the management of non-performing loans of the credit institutions; (vii) enter into a relationship framework agreement or amend the existing relationship framework agreement with all credit institutions that are

or have been beneficiaries of financial assistance by the EFSF and the ESM, in order to ensure the implementation of its objectives and rights, as long as the HFSF holds shares or other capital instruments in such financial institutions or monitors the restructuring plan of such credit institutions; (viii) exercise its shareholding rights deriving from the transfer to it of the common shares or cooperative shares in credit institutions, according to the last subparagraph of paragraph 6 of Article 27A of Law 4172/2013, as these rights are defined in the HFSF Law and in the relationship framework agreements of the previous subparagraph (vii), in compliance with the rules of prudent management of the assets of the HFSF and in line with the EU state aid rules; (ix) exercise the voting rights deriving from the participation of governmental entities in the share capital of credit institutions, which is assigned to it either by virtue of legislative or regulatory provisions, or by virtue of decisions of the competent each time administrative bodies of the said entities, according to the HFSF Law and special agreements entered into with the above entities for this purpose; (x) exercise its rights deriving from the HFSF Law in an absorbing or demerged entity which emerged pursuant to a corporate transformation of Law 4601/2019 of a credit institution to which the HFSF has provided capital support in which entity it participates as a result of such corporate transformation; and (xi) exercise the special rights of Article 10 of the HFSF Law and those stemming from the relationship framework agreement in the beneficiary credit institution which emerged further to the transfer of the banking sector, via partial demerger or spin off, in the context of a corporate transformation pursuant to Law 4601/2019 of the credit institution that has received capital support from the HFSF.

The HFSF's participation in the former Piraeus Bank Société Anonyme following the 2013 Share Capital Increase was 81%. In April 2014 the former Piraeus Bank Société Anonyme undertook a second offer of shares amounting to €1.75 billion, which was fully covered by private investors from both the Greek and the international markets. This resulted in a decrease in the HFSF's participation to 67%. Following the 2015 Share Capital Increase, the HFSF's stake in the former Piraeus Bank Société Anonyme was further decreased to 26.4%, while, following the conversion of the Contingent Convertible Bonds on 4 January 2021, HFSF currently holds 61.34% in Piraeus Holdings.

Administrative structure of the HFSF

The HFSF Law, as in force following consecutive amendments, contains detailed provisions regarding the modus operandi, administrative structure and competences of the HFSF. The HFSF has two administrative bodies with decision-making functions, namely (i) the General Council, which consists of seven non-executive members, one of whom is a representative of the Ministry of Finance and the other is appointed by the Bank of Greece and (ii) the Executive Board, which consists of three members, including HFSF's Chief Executive Officer. One of its members is nominated by the Bank of Greece. One executive member of the Executive Board is assigned the task to enhance the role of the HFSF in facilitating the resolution of the NPEs of the credit institutions in which the HFSF has participation. Moreover, the members of the General Council and the Executive Board shall be selected, following a public invitation of interest, by a selection panel which has been established pursuant to a decision of the Ministry of Finance. The members of the General Council and the Executive Board shall be appointed by a decision of the Minister of Finance. Their term of office is for three years and may be renewed but cannot exceed the term of the HFSF. With the exception of the representative of the Ministry of Finance and the nominee from the Bank of Greece, all appointments, including renewal of appointments, as well as the remuneration of the appointees shall require the prior agreement of the Euro Working Group.

Supply of capital support by the HFSF

With regards to the supply of capital support, a credit institution experiencing a capital shortfall, as such shortfall has been determined by the competent authority, which is defined in paragraph 1 (5) of Article 2 of the Greek BRRD Law, may submit a request for capital support to the HFSF, up to the amount of the determined capital shortfall, accompanied by a letter of the competent authority determining (i) the capital shortfall; (ii) the date by which the credit institution needs to meet the said shortfall; and (iii) the capital raising plan submitted to the competent authority.

For credit institutions with an existing restructuring plan approved by the European Commission at the time of such request, said request shall be accompanied by a draft amended restructuring plan. The draft restructuring plan (for credit institutions without an existing approved restructuring plan), or the draft amended restructuring plan, shall describe by what means the credit institution shall return to sufficient profitability in the next three to five years, under prudent assumptions. The HFSF shall monitor and evaluate the proper implementation of the restructuring plan and any amended restructuring plan, as the case may be. The HFSF may request amendments and addendums to the above-mentioned restructuring plan.

Any restructuring plan approved by the HFSF shall comply with EU rules on state aid and shall be approved by a decision of the European Commission. Additionally, it shall ensure the credit institution's restoration of adequate profitability, the burden-sharing to its shareholders and limit any distortion of competition. The HFSF monitors and evaluates the implementation of such approved restructuring plans.

The HFSF may grant a credit institution a letter of commitment that it will participate in the recapitalisation of such credit institution, subject to and in accordance with the procedure laid down in the HFSF Law (Articles 6A and 7), as in force, and up to the amount of capital shortfall identified by the competent authority provided that the credit institution falls within the exception of item d(cc), paragraph 3 of Article 32 of the Greek BRRD Law, as in force (in other words, the credit institution is not deemed by the SSM to be failing or likely to fail and such capital support will constitute precautionary recapitalisation). The HFSF grants said letter without the procedure stipulated under Article 6A regarding the compulsory application of the burden sharing process. The above-mentioned commitment does not apply if for any reason the licence of the credit institution is revoked, or any of the resolution measures provided for in the Greek BRRD Law is undertaken. The HFSF provides capital support for the sole purpose of covering the capital shortfall of the credit institution, as determined by the competent authority and up to the amount remaining uncovered, as long as such support is preceded by the application of the measures of the capital raising plan (referred to in Article 6 of the HFSF Law, as in force), any participation of private sector investors, the European Commission's approval of the restructuring plan and either:

- (a) any mandatory burden sharing measures (of Article 6A of the HFSF Law as in force), where the European Commission confirms as part of the approval of the restructuring plan that the credit institution falls within the exception of item d(cc) of Article 32 (3) of the Greek BRRD Law (the credit institution is not failing nor likely to fail and the capital support is provided in the context of precautionary recapitalisation); or
- (b) where the credit institution has been placed under resolution, and measures have been taken pursuant to the Greek BRRD Law.

The relationship framework agreement has to be duly signed before any capital support is provided. Capital support shall be provided through the participation of the HFSF in the share capital increase of the credit institution through the issuance of ordinary shares with voting rights or the issuance of contingent convertible bonds or other convertible instruments which shall be subscribed by the HFSF. The breakdown of the above participation of the HFSF between ordinary shares and contingent convertible bonds or other convertible instruments is defined by Cabinet Act No. 36, dated 2 November 2015.

The HFSF may exercise, dispose or waive its pre-emption rights with respect to share capital increases or issues of contingent convertible bonds or other convertible instruments of credit institutions that submit a request for capital support. Without prejudice to the applicable provisions of Law 4548/2018, the subscription price for the shares is the market price derived from a book building process carried out by each credit institution. By decision of its General Council, the HFSF shall accept this price, provided that the HFSF has commissioned and obtained an opinion from an independent financial adviser opining that the book building process complies with international best practice applicable in the particular circumstances. The offering price of the new shares to the private sector shall not be lower than the subscription price of those shares subscribed by the HFSF in the context of the same issuance. The offering price may be lower than the price of the shares already subscribed for by the HFSF or than the current stock market price. The condition above need not be met where the HFSF is called upon to cover the remaining amount not covered by private participation in share capital increases of credit institutions pursuant to measures of public financial stability or when such institutions are not subject to a restructuring plan already approved by the European Commission at the time a request for capital support from the HFSF is made.

Ordinary share capital increases

In relation to share capital increases made in the ordinary course by either (i) credit institutions that have previously received capital support by the HFSF pursuant to the HFSF Law; or (ii) the parent company of such a credit institution that has ensued following a corporate restructuring of such credit institution, the HFSF is entitled to:

- exercise, in part or in whole, its pre-emptive rights on a *pro rata* basis;
- subscribe, up to its existing participation, in the offering of shares or other ownership instruments (as those are defined in Article 2, paragraph 2 (107) of Law 4335/2015), issuable pursuant to share capital increases (including share capital increases with a restriction or abolition of pre-emptive rights);

- participate up to its existing participation in the issuance of new shares or other ownership instruments issued by the parent company of the credit institution or of the credit institution which continues the banking activities of the group as appropriate, or;
- participate in one or more allocations of unsubscribed shares or other ownership instruments issued pursuant to share capital increases or issuances of other ownership instruments, if applicable.

The participation of the HFSF in the above-mentioned share capital increases, which may be carried out by credit institutions or in case of corporate transformation or group restructuring by the holding entities and/or the credit institutions which shall carry on the banking operations of the group, within the framework of Law 4548/2018, is permitted under the condition that these share capital increases: (i) do not constitute capital support within the meaning of Articles 6, 6a, 6b and 7 of the HFSF Law; and (ii) are alongside private participation of real economic significance and such private investors participate under the same terms and conditions and, therefore, with the same level of risk and rewards (“*pari passu*” transaction).

In any case, pursuant to a decision of its General Council, the HFSF is entitled to veto share capital increase made with no pre-emption or with restricted pre-emption rights of the shareholders of the entity concerned. If such veto is exercised and the entity concerned subsequently approves a share capital increase with pre-emption rights, the HFSF has no obligation to participate in such capital increase. In addition, (i) any such participation by the HFSF would be made pursuant to a decision of its General Council on the basis of a favourable report by two independent financial advisors; (ii) the subscription and payment for shares or other ownership instruments by the HFSF would be made at a price not higher than that payable by and on terms not less favourable than those offered to the other shareholders of the issuer concerned, without prejudice to the existing rights of the HFSF deriving from its relationship framework agreements; (iii) the HFSF would fund its subscription and payment for the new shares or other ownership instruments by exclusively using its own funds held by the HFSF or from reinvestment resulting from a previous asset disposal of the HFSF; and (iv) the new shares or other ownership instruments the HFSF acquires confer to the HFSF full shareholder or ownership rights, including voting rights, but not the special rights described in Article 10 of the HFSF Law and discussed below under “—*Special rights of the HFSF*”.

Any partial disposal of shares or other ownership instruments acquired by the HFSF in accordance with the above will be made on the basis of the principle “last in, first out”, to ensure that the special rights of the HFSF set out in Article 10 of the HFSF Law will be preserved for so long as it holds a participation in the entity concerned.

Implementation of public financial stability measures

Following the decision of the Minister of Finance, pursuant to Article 56, paragraph 4 and Article 2 of the Greek BRRD Law, on the implementation of the measure of public capital support, the HFSF shall be designated as the vehicle for applying Article 57 of the Greek BRRD Law. In this case the HFSF participates in the recapitalisation of the credit institution and receives in return the instruments set forth in Article 57, paragraph 1 of the Greek BRRD Law. The HFSF participates in the capital increase and receives in return capital instruments after the application of any measures adopted in accordance with Article 2 of the Greek BRRD Law.

Voting rights of the HFSF

The HFSF shall fully exercise the voting rights attached to the shares it subscribed for undertaken under its capital support, following the amendment of the HFSF Law by Law 4340/2015, as in force. The HFSF will continue to exercise the voting rights with the limitations set out below in the following cases:

- (a) for the shares taken by the HFSF during its first participation in the recapitalisation of credit institutions in 2013, when certain limitations applied with regards to the HFSF’s voting rights due to the private sector participation in the said increase being at least 10% of the amount of the share capital. Since the involvement of the private sector fell short of 10% the HFSF could exercise without any limitation its voting rights with regards to its participation in the relevant systemic bank; and
- (b) for the shares acquired during the period when the HFSF contributed in the recapitalisation of credit institutions under conditional voting rights, but said restrictions did not apply, however, due to the failure to reach the required percentage of private sector involvement. These restrictions on the HFSF’s voting rights apply, provided that private participation in the first share capital increase, following the effective date of Law 4254/2014, as in force, which amended the HFSF Law, as in force, was at least equal to 50%.

For the shares mentioned under (a) and (b) above, the HFSF may vote in the general meeting of shareholders of the credit institution concerned only for decisions amending the articles of association, including capital increases or capital decreases or the provision of the relevant authorisation to the board of directors, merger, division, conversion, revival, extension of term or dissolution of the asset transfer company, including the sale of subsidiaries or for any other subject matter that requires an increased majority, as provided for by Law 4548/2018, as in force. For the purposes of calculating both the quorum and the majority at such general meeting, these shares are not taken into account when deciding on matters other than the above issues.

Even in cases where the above-mentioned restrictions are in force the HFSF will fully exercise the voting rights attached to those shares under points (a) and (b), without the above-mentioned restrictions, as long as it is established by a decision of the General Council of the HFSF that the credit institution concerned has failed to fulfil essential obligations provided for in the restructuring plan or described in the relationship framework agreement of Article 2 of the HFSF Law, as amended and in force.

Any disposal of shares by the HFSF to private sector investors that takes place, either pursuant to sale of the HFSF's participation or following the exercise of warrants issued by the HFSF, shall be deemed to result in a reduction in the participation of the HFSF with regards first to the shares upon which the HFSF exercises limited voting rights.

Special rights of the HFSF

The HFSF is represented by one member in the credit institution's Board of Directors. The HFSF's representative in the Board of Directors shall have the following rights, which shall be exercised taking into account the business autonomy of the credit institution:

- (a) call the general meeting of shareholders;
- (b) veto any decision of the credit institution's Board of Directors:
 - (i) regarding the distribution of dividends and the benefits and bonus policy concerning the Chairman, the Chief Executive Officer and the other members of the Board of Directors, as well as any person who exercises general manager's powers and their deputies;
 - (ii) where the decision in question could seriously compromise the interests of depositors, or impair the credit institution's liquidity or solvency or its overall sound and smooth operation (e.g., business strategy, asset/liability management, etc.); and
 - (iii) related to corporate actions of Article 7a, paragraph 3 of the HFSF Law, which might substantially influence the HFSF's participation at the share capital of the credit institution.
- (c) request an adjournment of any meeting of the credit institution's Board of Directors for three business days, until instructions are given by the HFSF's Executive Board. Such right may be exercised by the end of the meeting of the credit institution's Board of Directors;
- (d) call a meeting of the Board of Directors of the credit institution be convened;
- (e) to approve the appointment of the Chief Financial Officer; and
- (f) to have free access to all books and records of the bank through executives and consultants of its choice.

The HFSF, with the assistance of an independent consultant of international reputation and established experience and expertise, shall evaluate the corporate governance arrangements of credit institutions with which the HFSF has signed relationship framework agreements and especially the boards, the board committees as well as other committees of these credit institutions which the HFSF deems necessary to evaluate for the fulfilment of its objectives. The evaluation will extend also to the individual members of the boards and the committees concerned. The HFSF shall evaluate the boards and the committees described above in particular with regards to their size, organisation structure, allocation of tasks and responsibilities assigned to their members, in view of the business needs of the banks and of needs related to the structure of the boards and committees concerned.

The HFSF with the assistance of an independent consultant will develop criteria for the evaluation of the above elements and the members of the boards and committees of these credit institutions according to best international practices and develop specific recommendations for changes and improvements in the corporate governance of each credit institution in addition to certain minimum criteria set by the HFSF Law, as in force. The members of the boards and committees shall cooperate with the HFSF and its consultants in conducting the review and providing necessary information for the purposes of the review.

Further to the criteria developed by the HFSF (assisted by the independent consultant), the evaluation includes certain minimum criteria, for each member of the board and the committees as set out below:

- (a) at least ten years of experience in senior management positions in the banking, auditing, risk management or management of risk assets sectors, from which, especially for non-executive members, three years as a member of the board of a credit institution or of a company active in the financial sector or in an international financial institution;
- (b) the individual is not, and has not been entrusted in the last four years prior to its appointment, with prominent public functions, such as Heads of State or of Government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, or important political party officials; and
- (c) each individual must declare all financial connections with the bank before being appointed and the competent authority must confirm that the individual is fit and proper for the relevant position. Additional criteria defining specific skills needed for specific tasks within the board will be determined by the HFSF in cooperation with the independent consultant under the corporate governance review. The criteria will be updated at least once every two years and more often if there is material change in the financial position of the bank. The size and the collective knowledge of the boards and the committees shall reflect the business model and the financial status of the credit institution. Further, the evaluation of the members of the boards and the committees shall secure their proper size and composition. The evaluation of the structure and composition of the boards and committees shall have the following minimum criteria:
 - (i) the Board of Directors of the credit institution concerned includes as non-executive members at least three independent international experts with adequate knowledge and long-term experience of at least 15 years in relevant financial institutions, of which at least three years as members of an international banking group with no activity in the Greek market. These members must not have any affiliation over the previous ten years with Greek financial institutions;
 - (ii) the aforementioned independent non-executive members chair all board committees; and
 - (iii) at least one board member shall have relevant expertise and international experience of at least five years in risk management and/or the management of NPEs. This individual focuses on and has as sole power the management of NPEs and chairs any special board committee of the credit institution dealing with NPEs.

In the case that a review or evaluation determines that the subject of the review does not meet the relevant criteria, the HFSF will inform the board and, if the board does not take action to implement the recommendations, it will call a general meeting of shareholders to inform them and recommend the necessary changes. The HFSF will send the findings of the review to the competent authorities. In the case of a board or committee member that does not meet the relevant criteria, or of a board which collectively does not satisfy the recommended structure with respect to the size, allocation of tasks and expertise within the board and the necessary changes cannot be achieved otherwise, these recommendations shall include that certain board or committee members need to be replaced. In the event that the general meeting of shareholders does not agree to replace board members who fail to meet these criteria within three months, the HFSF shall publish a report on its website within four weeks naming the bank, the recommendations and the number of board members that do not meet the relevant criteria and specify the criteria that the board and its individual members do not meet. Nothing in the above changes the obligation of shareholders to ensure that the board and board committees are staffed by members with an appropriate level of experience and competence and acting in the best interests of the bank and all stakeholders.

The HFSF retains all its special rights described above stemming from Article 10 of HFSF Law also over the beneficiary credit institutions which emerge due to the corporate transformation (taking place according to Law 4601/2019) of any credit institution which received capital support according to the provisions of HFSF Law.

The Relationship Framework Agreement

For the realisation of the objectives and the exercise of the rights of the HFSF, the HFSF determines the relationship framework agreement or of the amended relationship framework agreement, as the case may be, with all credit institutions that are or have been beneficiaries of financial assistance provided by the EFSF and the ESM, and also with any credit institution which emerges due to the transfer of the banking activities of a credit

institution via partial demerger or spin off, in the context of a corporate transformation provided in Law 4601/2019. The credit institutions which have signed the aforementioned relationship framework agreement provide to the HFSF all information that the EFSF or the ESM might reasonably ask for, with a view to the HFSF transmitting such information to the EFSF or the ESM, except if the HFSF informs the credit institutions that they are under the obligation to transmit said information directly to the EFSF or the ESM.

The relationship of the former Piraeus Bank Société Anonyme with the HFSF following the completion of the 2015 Share Capital Increase, according to the provisions of the HFSF Law, is governed by the Relationship Framework Agreement, which was executed on 27 November 2015. Further to the amendment of the HFSF Law pursuant to Article 28 of Law 4701/2020, the terms of the Relationship Framework Agreement apply to both Piraeus Holdings and Piraeus Bank Société Anonyme, as it will also be set out in a tripartite agreement to be entered into between the HFSF, Piraeus Holdings and Piraeus Bank Société Anonyme.

In addition to the above-mentioned powers, by virtue of the Relationship Framework Agreement and for the period which the HFSF holds shares of Piraeus Holdings, the HFSF's appointed representative in the Board of Directors of Piraeus Holdings and Piraeus Bank Société Anonyme has the power, among other things, to include items in the agenda of the General Meeting of their ordinary shareholders, of their Board of Directors and of their committees in which the representative participates. In addition, in accordance with the Relationship Framework Agreement, at least one of the HFSF's Representatives is appointed as a member of the Audit Committee of Piraeus Holdings, and of each of the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee, the Strategy Committee and the Board ethics and Governance Committee of Piraeus Bank Société Anonyme. Such HFSF's Representative has the right to include items in the agenda of the meetings of the committee in which he participates and to request the convocation of such committee within seven days of his written request to the chairman of the relevant committee. The HFSF has also appointed an observer who will participate in all Committees of Piraeus Holdings and Piraeus Bank Société Anonyme (but will have no voting rights), as well as in the Board of Directors of Piraeus Holdings and Piraeus Bank Société Anonyme.

Furthermore, in accordance with the Relationship Framework Agreement, each of Piraeus Holdings and Piraeus Bank Société Anonyme has the obligation to obtain the prior written consent of the HFSF for all material matters set forth in such agreement, including, *inter alia*, the Group's policy governing the relations between the Group and certain persons who are qualified as connected borrowers, all material corporate actions (*e.g.*, capital increases, mergers, etc.), material investments or transfers of assets, the management of the NPEs, the recruitment policy and appointment of the members of the Board of Directors and the appointment of auditors.

Under the Relationship Framework Agreement, Piraeus Holdings and Piraeus Bank Société Anonyme's decision-making bodies will continue to determine independently Piraeus Holdings and Piraeus Bank Société Anonyme's day-to-day business, commercial strategy and policy. The Relationship Framework Agreement remains in force for as long as the HFSF holds shares in Piraeus Holdings, irrespective of the percentage of its holding. The Relationship Framework Agreement may be amended pursuant to the HFSF Law, as in force.

The HFSF may grant a "resolution loan" (as defined in the Financial Facility Agreement of 19 August 2015) to the HDIGF for the purposes of funding bank resolution costs, subject to the provisions of the above mentioned Financial Facility Agreement and in compliance with EU rules on state aid. For the repayment of such loan the credit institutions participating in the HDIGF are liable as guarantors at the ratio of their contribution either in the resolution scheme or in the deposit guarantee scheme, as the case may be. The amount, the time and the manner of drawdown on such loan, as well as any other necessary matter in connection therewith, are determined on an *ad hoc* basis by a decision of the Minister of Finance, following a request by the HDIGF and the opinion of the Bank of Greece.

14.8 Extrajudicial debt settlement mechanism

Extrajudicial debt settlement mechanism for businesses under Law 4469/2017 (applications submitted until 30 April 2020)

Law 4469/2017, as amended and in force, provided for an extrajudicial procedure for settling debts towards any creditor, which derive from the debtor's business activity or other cause, provided that the settlement of those debts is considered vital by the participants in order to secure the debtor's business viability. Applications under the framework of Law 4469/2017 could be submitted electronically to the Special Private Debt Management Secretariat (EGDICH) by 30 April 2020 on the dedicated electronic platform in EGDICH's website.

The approval of the debt restructuring proposal requires the debtor's consent and the formation of a majority of 3/5 of participating creditors, which includes 2/5 of participating creditors with special privilege.

The extrajudicial procedure is concluded by the execution of a debt restructuring agreement between the debtor and consenting creditors, otherwise the procedure is deemed unsuccessful. Certain specific types of claims and creditors whose claims do not exceed certain thresholds are excluded from the scope of this extrajudicial procedure and are not bound by the debt restructuring agreement. The debtor or a participating creditor may submit an application for ratification of the debt restructuring agreement to the Multi-Member Court of First Instance of the debtor's registered seat.

In case the debtor fails to pay any amount due to any of the creditors in accordance with the terms of the debt restructuring agreement for more than 90 days, the creditor has the right to request cancellation of the agreement towards all parties. It is noted that, when more credit or financial institutions or credit servicing firms under Law 4354/2015 have acquired or manage overdue receivables of the same debtor, for which there is sufficient evidence of the debtor's inability to fulfil their financial obligations, such entities may cooperate to submit a common proposal to the debtor, in order to reach a sustainable solution. By means of joint ministerial decision no.130060/29.11.2017, as applicable, a simplified procedure was introduced for businesses eligible to apply for an extra judicial debt settlement mechanism under Law 4469/2017, with total debt up to €300,000.

In case of business debt settlement process pursuant to Law 4469/2017, any individual and collective enforcement measures against the debtor, pending or not, for the satisfaction of claims, the settlement of which is pursued through the extrajudicial debt settlement, are automatically suspended for a 90-day period, starting from the date on which the invitation for participation in the procedure is sent by the coordinator to the creditors. The above suspension includes any request for preventive measures and the registration of a prenotation of mortgage, unless the taking of preventive measures aims at the prevention of the depreciation of the debtor's business due to the disposal of its assets. The suspension of enforcement and preventive measures applies after the expiry of the 90-day period and until the completion of the extrajudicial procedure, in case the non-completion of the procedure within the above period is due to the extension granted to creditors for the taking of actions, and only with respect to those creditors. If an extension is requested after the 90 days have lapsed, the suspension applies to the creditor requesting the extension and for as long as that extension is in force. The above suspension ceases automatically in case: (i) the procedure is terminated without success or for any reason whatsoever, or (ii) a decision is taken by the majority of the participating creditors to that effect.

The out-of-court debt settlement process pursuant to Law 4738/2020 (entry into force from 1 June 2021)

The Debt Settlement and Facilitation of a Second Chance Law, in force from 1 June 2021, establishes a new out-of-court debt settlement mechanism (which replaces the procedure of Law 4469/2017). Within the context of the out-of-court debt settlement process provided for by Law 4738/2020, individuals or legal entities, eligible to be declared insolvent, may apply for extrajudicial settlement of their monetary liabilities to the Greek state or financing institutions and social security institutions, subject to certain exemptions (e.g., a debtor may not file an application for the opening of an out-of-court debt settlement process in case 90% of their liabilities are owed to a single financing institution). The financing institutions may accept the invitation for debt settlement at their sole discretion. However, in case the majority of financing institutions accepts the debtor's invitation and consents to the preparation of a specific debt settlement proposal, the results of such settlement apply to all financing institutions, and subject to the conditions of Law 4738/2020 to the Greek state and the social security institutions.

It is noted that entities falling outside the scope of said law, such as investment service providers, undertakings for collective investment in transferable securities, alternative investment funds and their managers, credit, financial and (re-)insurance institutions may not apply as debtors for the opening of the out-of-court debt settlement process. The process may also be initiated by the creditor(s) upon service of an invitation to the debtor to apply for the opening of such procedure within 45 days. The lapse of this period without the filing of a relevant application by the debtor terminates the process.

Out-of-court debt settlement applications and relevant creditor invitations are filed digitally to the Special Secretariat for the Administration of Private Debt through the EGDICH electronic platform. The procedure of Code of Conduct (for the management of non-performing loans), as well as any enforcement actions and measures, pending or not, with the exemption of the auctions scheduled to take place within 3 months of the application submission date by the debtor and of any relevant preparatory procedural action by a secured creditor, are automatically suspended as of the filing of the out-of-court debt settlement application and so long

as such process is not terminated. The approval of the debt restructuring proposal requires the debtor's consent and the majority of 3/5 of participating financing institutions (in terms of debt value), which includes 2/5 of participating financing creditors with special privilege. Should a debt settlement agreement not be signed by the debtor and the participating creditors within two months of the application submission date, the process is terminated without success. The debt settlement agreement can be terminated by any creditor whose claims are covered by the settlement if the debtor is in default on the payment of an aggregate amount equal to either three payment instalments or 3% of the total amount due under the settlement agreement. Termination of the debt settlement agreement results to the reinstatement of the debtor's liabilities vis-à-vis the terminating creditor that become due and payable to the pre-settlement debt amount less any amount already paid under the settlement. Such termination does not affect the legal position of the debtor vis-à-vis other creditors covered by the settlement.

It is noted that the performance of debts secured via mortgage on the main residence of the debtor is partially subsidized by the Greek state, subject to certain conditions. The subsidy is provided for five years, commencing on the application submission date. The subsidy requirements include, *inter alia*, a *de minimis* provision regarding the amounts owed to financing institutions, the Greek state and social security institutions (set at €20,000), as well as a cap to the amounts owed to each creditor (set at a €135,000 for individuals and a maximum of €215,000 per household). Finally, Article 30 of Law 4738/2020 provides the ability of financing institutions to establish common policies regarding, indicatively, the conditions of processing and approval of applications, a procedure of automated processing, the establishing of notification mechanisms for clients susceptible to financial hardship.

Early warning mechanism and debtors' service centres (entry into force from 1 June 2021)

Law 4738/2020 introduces an early warning electronic mechanism for natural and legal persons, supervised by the Special Secretariat for Private Debt Management of Ministry of Finance, in which debtor applicants are classified into three risk levels (low, medium and high). Following the classification process, a natural person with no income from business or freelance activity classified as of medium or high risk can contact the competent Borrowers' Service Centres or the Borrowers' Support Service Offices so that they receive free, specialised advice relating to the status of their debts and the possible settlement options under the Law 4738/2020. The same applies for debtors with income from freelance activity and debtors with income from business activity, natural or legal persons, which can seek free, specialised advice by the respective Professional Chambers or Associations or Institutional Social Partners.

Settlement of business debts under Law 4307/2014 and Law 4738/2020. Law 4307/2014, as applicable provides for urgent interim measures for the relief of private debt, especially the settlement of debt of viable small businesses and professionals towards financing institutions (namely credit institutions, leasing and factoring companies), the Greek state and social security institutions, as well as for emergency procedures for the reorganisation or liquidation of operating indebted but viable businesses, provided certain pre-conditions were met.

In particular, natural or legal persons with bankruptcy capacity and their centre of main interests in Greece, could file an application for the opening of an extraordinary debt settlement process. Specifically, provided that such debtors owed (at least) 20% of their total liabilities to (at least) two financing institutions, an application could be filed to the competent court (the Single-member Court of First Instance of the debtor's centre of operations) for the settlement of their debts to their creditors, as defined therein, as long as the application was filed along with a restructuring agreement. Such agreement should be co-signed by creditors representing at least 50.1% of the total claims, including at least 50.1%+ of their creditors with security rights *in rem* or special privilege or with any other form of security agreement over assets on 30.06.2014). If ratified by the court, the restructuring agreement was binding to all creditors, and a 12-month suspense of collective enforcement measures was imposed by law, starting from the publication of the said decision. If a relevant agreement was reached in the restructuring agreement, any (individual or collective) actions could be suspended for a maximum duration of three months, starting from the decision's publication date. The deadline for filing such applications lapsed on 31 March 2016.

As at 1 March 2021, there is no capacity to submit new applications for the opening of special liquidation proceedings in accordance with Law 4307/2014, which will, however, continue to apply to proceedings pending before the entry of Law 4738/2020 (1 March 2021), unless otherwise expressly provided in Law 4738/2020. By virtue of a decision of the special liquidation creditors' meeting, which is to be convened by an invitation of the special liquidator, the special liquidation proceedings may be subjected to Law 4738/2020. In such event, the

provisions of the equivalent procedural stage of Law 4738/2020 will govern such proceedings by way of analogy and the special administrator will exercise the duties and responsibilities that are entrusted to the bankruptcy trustee as per the Law 4738/2020.

Similarly, to special liquidation proceedings provided for in Law 4307/2014, Law 4738/2020 provides for the power of the bankruptcy trustee to conduct a public tender for the sale of the business as a whole or the sale of separate operation unit(s) of the business. The liquidation process is followed pursuant to a relevant decision of the bankruptcy court. The main differences between the special liquidation proceedings under Law 4307/2014 and the new liquidation process provided for by Law 4738/2020, are the following:

- a notary public is hired to conduct the auction;
- the auction is carried-out electronically, namely through the e-auction platform; and
- following the auction, the creditors' meeting approves or refuses the transaction, in which case the creditors' meeting may provide its approval subject to specific conditions (*e.g.*, an increase of the proposed sale price).

In case of liquidation of separate assets, although the procedural aspects are the same as those of Greek Code of Civil Procedure, it is noted that there is no legal remedy that can be used to challenge the initial offering price set by independent evaluators.

Settlement of amounts due by indebted individuals – protection of main residence of the debtor

Law 3869/2010 provides for the settlement of amounts due by individuals (including, consumers and professionals, with the exception of individuals already subject to mercantile law) that are in a state of permanent and general inability to repay their debts, by submitting an application for a three-year settlement of their debts and writing off the remainder of their debts, in accordance with the terms of the settlement agreed. Eligible debts for settlement under Law 3869/2010 were any debt owed to private individuals, including all debts to banks (consumer, mortgage, business loans), except for debts due to an offense committed by the borrower with intention or gross negligence, administrative fines, monetary sanctions and debts related to the obligation for child or spousal support. Law 3869/2010 was amended, *inter alia*, to include: (i) the protection of the main residence of a debtor from forced sale, and (ii) the partial funding by the Hellenic Republic of the amount of monthly payments set by court decision.

As at 1 March 2019, the right of a borrower to request the exemption of their main residence in the context of Law 3869/2010 has ceased to apply. As at 1 June 2021, there will be no capacity to submit new applications in accordance with Law 3869/2020, which will, however, continue to apply to proceedings pending before the entry of Law 4738/2020 (1 June 2021). Law 4605/2019 that entered into force on 30 April 2019 provides for an amended framework for the settlement of amounts due by individuals for the purpose of protecting their main residence against liquidation proceedings. Pursuant to the amended legal framework, eligible over-indebted debtors could apply through electronic means until 31 July 2020 for the settlement of their debts by arranging a partial repayment of their due debts in accordance with Law 4605/2019.

Amounts eligible to be settled were only amounts owed to credit institutions and, in the case of a house loan, to the Hellenic Consignment Deposit and Loans Fund and credit companies, for which a mortgage or a pre-notation of mortgage has been registered in favour of the aforementioned entities over the debtor's main residence and provided that the amounts owed are claims outstanding for at least 90 days as at 31 December 2018. Ownership of the main residence did not have to be exclusive and complete in order to be protected. However, debts of natural persons cannot be settled if there is a guarantee by the Greek state for them. Within the framework mentioned above, the debtor should pay in equal monthly instalments and within 25 years an amount of 120% of the value of its main residence plus interest 3-month EURIBOR+2%. The Greek state may also contribute to the payment of these monthly instalments under certain conditions.

It is also explicitly provided in the amended legal framework that (i) a single application per debtor may be filed for the settlement of amounts owed; (ii) from the notification of the application to the creditor(s) until the lapse of the deadline provided by law for the debtor to request the judicial settlement, in case a consensus arrangement is not reached, auction proceedings against the debtor's main residence are suspended; (iii) a settlement proposal accepted by both the creditor and the debtor constitutes an enforceable title by virtue of which enforcement proceedings may be either initiated in relation to the remaining debtor's assets (except for their main residence) or initiated also for their main residence in case the debtor fails to meet the payment settlement conditions (*i.e.* if the debtor owes in total more than three monthly instalments); and (iv) transfer of claims of credit institutions, the assignment of the debtor's claims to credit servicing firms of Law 4354/2015 or

their securitisation in accordance with the provisions of Law 3156/2003 or the replacement of the guarantor or co-debtor do not prevent the settlement of amounts owed by the over-indebted individuals.

In case a consensus arrangement is not reached between the parties (*i.e.* the credit institution or the Hellenic Consignment Deposit and Loans Fund and the debtor), the debtor may request the protection of their main residence by the competent court, on the terms mentioned herein above. If the borrower successfully completes the settlement plan and fully complies with it, then the remaining portion of the loan exceeding 120% of the value of the applicant's main residence plus interest three-month EURIBOR+2% will be written off. In addition, any mortgage or mortgage pre-notation that has been registered over the main residence securing a claim under the settlement plan, is lifted. However, if the debtor fails to meet the payment settlement conditions (*i.e.* if the debtor owes in total more than three monthly instalments), enforcement proceedings may be initiated against the debtor even on their main residence.

Settlement of Amounts Due by Indebted Individuals under Law 4738/2020 (entry into force from 1 March or 1 June 2021, depending on the applicable provision)

Law 4738/2020 consolidated the provisions of several statutes dealing with excessive indebtedness and debt settlement (such as Laws 3588/2007, 3869/2010, 4307/2014, 4469/2017 and 4605/2019) into one comprehensive legal framework of expanded scope, with all existing tools for debt settlement consolidated, regardless of their subject (such as indebted households, protection of main residence and extrajudicial settlement mechanisms). As at 1 March 2021, the provisions of the currently applicable Law 3588/2007 were repealed and the legal framework governing bankruptcy is governed by the relevant provisions of Law 4738/2020.

Law 4738/2020 establishes a special regime for protecting main residences of eligible individuals considered to be vulnerable distressed debtors, which provides for a sale and lease-back scheme for main residences and the establishment of a new organisation to implement the relevant process. The definition of vulnerable debtors is aligned with the criteria set out in Article 3 of Law 4472/2017, as applicable (*i.e.* the eligibility criteria for the provision of housing benefits, including, *inter alia*, an individual yearly income cap set at €9,600). The objective of the new framework is the liquidation of a debtor's main residence for the purposes of debt settlement, without the vulnerable debtor having to relocate or definitively lose ownership of their asset. This is effected by the establishment of a sale and lease-back private entity, contracting with the Greek state pursuant to a call for tenders of the latter.

According to this scheme, in the event that a vulnerable debtor is declared insolvent or that enforcement proceedings regarding their main residence are initiated, they may submit a request under the new regime, which then acquires ownership right over the debtor's immovable property at market value price as determined by a certified valuator. In return, the new organisation leases the same property to the debtor for 12 years for a set amount of monthly rent (to be determined primarily based on the applicable housing loans' average interest rate). However, the price may be adjusted, if, in the context of an auction, the first offer price is significantly higher (15% or more) than the valuation price, in which case the purchase price is the lower of the first offer price and the price provided by a second certified evaluator appointed by the creditor seeking enforcement. Should no third-party, holder of right in rem, pose any objections to the transfer, the sale and lease-back entity purchases the residence free of any encumbrance or claim. The debtor maintains their status as beneficiary of the aforementioned housing benefits of Law 4472/2017, which are now credited to the sale and lease-back entity as a partial payment of the relevant lease instalment. The lease is terminated in the event that the debtor has defaulted on 3 instalments and remains in default for at least 1 month after relevant notice is served. The termination of the lease leads to the abolishment of the debtor's buy-back rights. It is further noted that any rights of the debtor deriving from the lease are non-transferable, save for instances of universal succession.

The debtor may be entitled to re-purchase the property at a price objectively determined under the provisions of the said Law upon fulfilment of their rental payment obligations. After full repayment by the debtor (at the end of the 12-year period or prior to that), they (or their successors) are entitled to exercise a buy-back right. The buy-back price is defined pursuant to a Decision of the Minister of Finance, in accordance with Article 225 of Law 4738/2020, yet to be issued.

Further protective measures related to the COVID-19 pandemic

Law 4790/2021 entered into force on 31 March 2021 and provides for urgent measures in response to the COVID-19 pandemic, including with respect to (i) the suspension of enforcement proceedings (and relevant deadlines); and (ii) the protection of the main residence of individuals who were financially affected by the consequences of the COVID-19 pandemic.

With respect to the suspension of enforcement proceedings it is noted that:

- (a) The time period spanning from 7 November 2020 until the lift of the temporary cessation of operations of courts in Greece will not be counted against any legal deadline for undertaking procedural and extrajudicial actions (this is not the case for proceedings under Law 4307/2014). No statutory litigation interest (*τόκος επιδικίας* in Greek) will be payable for this period.
- (b) All liquidation proceedings against a borrower's non-perishable moveable property, ships and aircrafts scheduled between the reopening of courts in Greece and 13 May 2021 are cancelled.
- (c) For any liquidation proceedings scheduled between 07 November 2020 and 13 May 2021 that were cancelled in accordance with the above, a new auction date may be set by the creditor. However, this date may not be before 16 July 2021 if the deadline for filing legal remedies against the proceedings by a third party had not expired by 7 November 2020.

With respect to the protection of the main residence of individuals who were financially affected by the consequences of the pandemic, it is noted that:

- (a) Individuals who qualify (in accordance with criteria set by Law 4790/2021 and after being verified by EGDICH) as financially affected by the consequences of the pandemic may not be the subject of any seizure, liquidation and enforcement proceedings against their main residence that would result in them having to vacate said property. This protection is granted until 31 May 2021.
- (b) The above does not preclude the issuance of a payment order or service of an enforcement order relating to the main residence.

14.9 Securitisations—the Hellenic Asset Protection Scheme (HAPS)

Securitisations

Law 3156/2003 (the “Securitisation Law”) sets out a framework for the assignment and securitisation of receivables in connection with either existing or future claims, originated by a commercial entity resident in Greece or, resident abroad and having an establishment in Greece (a “Transferor”) and resulting from the Transferor's business activity. Article 10 of the Securitisation Law allows a Transferor to sell its receivables to a special purpose vehicle (an “SPV”), which must also be the issuer of notes to be issued in connection with the securitisation of such receivables. In particular, it provides that:

- (a) the assignment of the receivables is to be governed by the assignment provisions of the Greek Civil Code, which provides that additional rights relating to the receivables including guarantees, mortgages, mortgage pre-notations and other security interests will be transferred by the Transferor to the SPV along with the transfer of the receivables;
- (b) the transfer of the receivables pursuant to the Securitisation Law does not change the nature of the receivables, and all privileges which attach to the receivables for the benefit of the Transferor are also transferred to the SPV;
- (c) the securitised receivables must be carried out by:
 - (i) a credit institution or financial institution licenced to provide services in accordance with its scope of business in the European Economic Area; a servicer licensed in accordance with Greek Law 4354/2015 qualifies as a financial institution;
 - (ii) the Transferor; or
 - (iii) a third party that had guaranteed or serviced the receivables prior to the time of transfer to the SPV.
- (d) if the SPV is not resident in Greece, the entity responsible for management of the securitised receivables must be resident in Greece if the receivables are payable by consumers in Greece;
- (e) amounts collected in respect of the receivables and security interest created over the receivables by operation of law are not available to the creditors of the person making such collections and will not form part of its estate on its liquidation;
- (f) the proceeds of the collections made in respect of the receivables must immediately upon receipt be deposited by the person making such collections in a separate bank account held with a credit institution or financial institution in the EEA or with such person, if it is a credit institution;

- (g) amounts standing to the credit of such separate bank account into which collections are deposited are also secured in favour of the holders of the notes issued in connection with the securitisation of the receivables and the other creditors of the SPV by virtue of a pledge established by operation of law;
- (h) a summary of the receivables sale agreement must be registered with the competent Registry of Transcription, in accordance with the procedure set out under Article 3 of Law 2844/2000 of the Hellenic Republic, following which registration (i) the validity of the sale of the receivables and of any additional rights relating to the receivables is not affected by any insolvency proceedings concerning the Transferor or the SPV; (ii) the underlying obligors of the receivables will be deemed to have received notice that there has been a sale of the receivables; and (iii) the legal pledge by operation of law over the securitised receivables and the separate account is established;
- (i) following the transfer of the receivables and the registration of the summary of the receivables sale agreement, no security interest or encumbrance can be created over the receivables other than the interest that is created pursuant to the Securitisation Law which comprises a pledge operating by law over the receivables in favour of the holders of the notes issued in connection with the securitisation of the receivables and also in favour of the other creditors of the SPV;
- (j) the claims of the holders of the notes issued in connection with the securitisation of the receivables and also of the other creditors of the SPV from the enforcement of the pledge operating by law will rank ahead of the claims of any statutory preferential creditors.

The Hellenic Asset Protection Scheme

Law 4649/2019 provides the terms and conditions under which the Greek state guarantee may be provided in the context of non-performing loans securitisation by credit institutions under the asset protection scheme. This law provides for the conditions under which the securitisation must be implemented in order to qualify for the provision of the State guarantee, in line with decision no. C (2019)7309 of the European Commission. Such conditions include, *inter alia*, that the notes to be issued in the context of the securitisation must include at least senior and junior notes and the price paid to the Greek banks for the sale and transfer of non-performing loans cannot exceed their aggregate net asset value. The Greek state guarantee will be provided in favour of senior notes for the full repayment of principal and interest thereunder throughout the term of the notes. The aggregate commitment of the Greek state under the HAPS scheme law amounts to €12 billion. Applications for the provision of the Greek state guarantee may be filed by credit institutions, either in the context of securitisations that have already been implemented or for securitisations that are currently in the process of implementation exclusively within 18 months as at 10 October 2019, *i.e.* by 10 April 2021 or such other date as may be designated by a ministerial decision on the basis of a decision of the European Commission.

The Greek state guarantee is granted by a decision of the Minister of Finance and becomes effective upon (i) transfer through sale against positive value, of at least 50% plus one of the issued junior notes to private investors and of such number of junior notes, and (if issued) mezzanine notes that allows the derecognition of the securitised receivables; (ii) rating of the senior tranche of the notes being rated at no less than BB- by an External Credit Assessment Institution (as defined in point (98) of Article 4(1) of the Capital Requirements Regulation); and (iii) assignment of the administration of the securitised non-performing loans portfolio to an independent special purpose vehicle. If the State guarantee has not become effective within 12 months as of the publication of the respective Ministerial Decision granting the guarantee, then such decision ceases automatically to be in force and the amount of the guarantee is released. There can be no new application for the same securitisation before the lapse of 6 months. Certain ministerial decisions have been issued to set out the details for the implementation of the aforementioned law.

14.10 Management and corporate governance of Piraeus Bank Société Anonyme

Board of Directors

According to Article 8 of its Articles of Association, the Bank is managed by the Board of Directors which consists of nine to fifteen members. Pursuant to the Bank of Greece Governor's Act 2577/2006, the Bank's Board consists of executive and non-executive members. Among the non-executive members, at least two should be independent within the meaning of Article 4 of Law 3016/2002 and from 17 July 2021 onwards within the meaning of Article 9 of Law 4706/2020. Pursuant to the HFSF Law, a Representative of the HFSF participates as a member to the Board of Directors of the Bank. Such member's responsibilities are determined by the HFSF Law and the Relationship Framework Agreement with the HFSF. For a description of the rights of the Representative of the HFSF, please see "Elements of Regulatory Framework".

In addition, the Relationship Framework Agreement requires the following, among others, with respect to the composition of the Board of Directors of Piraeus Bank Société Anonyme: (i) the Board of Directors must be composed of at least seven and no more than fifteen members; provided that only an odd number of members is permitted, including HFSF's Representative; (ii) the Chairman of the Board must be a Non-Executive Member and should not serve as Chairman of either the Board's Risk or the Audit Committees; (iii) the majority of the Board of Directors must be comprised of non-executive members, 50% of which (rounded to the nearest integer) and no fewer than three members (excluding the HFSF Representative) should be independent, satisfying the independence criteria of Law 3016/2002 and the Recommendation 2005/162/EC; and (iv) the Board of Directors must include at least two executive members. The requirements under the Relationship Framework Agreement with respect to the composition of the Board of Directors of Piraeus Holdings set out above under *"Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors"* also apply to the Board of Directors of the Bank.

The members of the Board of Directors are elected by the General Meeting which determines their term, in accordance with the applicable provisions, which may not exceed three years. The term of the members of the Board of Directors may be extended until the General Meeting convened after such term has elapsed. The members of the Board of Directors may always be re-elected and may be freely recalled.

In the event that a member of the Board of Directors resigns, passes away or relinquishes one's office in any manner whatsoever, or is deposed on account of being unjustifiably absent from meetings for three consecutive months, the Board of Directors may continue managing and representing the Bank without replacing missing members provided the remaining members of the Board of Directors are at least nine.

If the number of the members of the Board of Directors falls below nine, the Board of Directors must elect sufficient substitute members to bring the Board of Directors to nine members for the time remaining in the current term. The decision for such election must be published according to Article 82 of Law 4548/2018 and be announced by the Board of Directors at the next General Meeting of shareholders. The General Meeting of shareholders may either approve such election or replace the substitute members with others, even if membership is not on the agenda.

The Board of Directors, immediately after its election, convenes at the first meeting (formation into body) and elects, among its members, a Chairman, one or more Vice-Chairmen and Managing or Executive Directors. According to the Relationship Framework Agreement and international best practices, the Chairman of the Bank does not serve at the same time as Managing/Executive Director.

The Board of Directors represents the Bank and is qualified to resolve on every act concerning the Bank's management, the administration of each property and the promotion of each business scope in general. The Board of Directors may not resolve on issues, which, in accordance with the applicable laws or the Bank's Articles of Association, fall into the exclusive competence of the General Meeting.

The provisions and requirements regarding term of the Board of Directors, non-replacement of board member, constitution of the Board of Directors, decision-making of the Board of Directors and evaluation and corporate governance requirements under the HFSF Law with respect to Piraeus Holdings set out above under *"Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors"* also apply to the Board of Directors of the Bank.

In addition, according to the Bank's Operation Regulation, the main duty and responsibility of the members of the Board of Directors shall be to seek to enhance the Bank's long-term financial value and to advocate the general corporate interest. The Board of Directors is responsible for developing and approving a detailed substantiated corporate strategy with a timeframe of at least one year, which sets clear business aims for both the Bank and Group. The Board of Directors is supported by a Corporate Secretary.

The composition of the Board of Directors of the Bank, which was appointed pursuant to the Articles of Association of the Bank approved at the extraordinary General Meeting of Piraeus Holdings on 10 December 2020 and, with respect to Anne J. Weatherston, pursuant to the extraordinary General Meeting of the Bank on 12 March 2021, for a term of three years, is as follows:

Full Name	Capacity	Profession	Address	Date of 1st Appointment
George P. Handjinicolaou . . .	Chairman of the Board of Directors—Non-Executive Member	Finance & Economics	4 Amerikis Str., 105 64, Athens	30 December 2020
Karel G. De Boeck	Vice-Chairman—Independent Non-Executive Member	Economics	4 Amerikis Str., 105 64, Athens	30 December 2020
Christos I. Megalou	Managing Director (CEO) (Chief Executive Officer)—Executive Member	Finance & Economics	4 Amerikis Str., 105 64 Athens	30 December 2020
Vasileios D. Koutentakis	Member of the Board of Directors—Executive Member	Electrical Engineering	4 Amerikis Str., 105 64, Athens	30 December 2020
Venetia G. Kontogouri	Member of the Board of Directors—Independent Non-Executive Member	Economics	4 Amerikis Str., 105 64, Athens	30 December 2020
Arne S. Berggren	Member of the Board of Directors—Independent Non-Executive Member	Economics	4 Amerikis Str., 105 64, Athens	30 December 2020
Enrico Tommaso C. Cucchiani	Member of the Board of Directors—Independent Non-Executive Member	Finance	4 Amerikis Str., 105 64, Athens	30 December 2020
David R. Hexter	Member of the Board of Directors—Independent Non-Executive Member	Finance	4 Amerikis Str., 105 64, Athens	30 December 2020
Solomon A. Berahas	Member of the Board of Directors—Independent Non-Executive Member	Industrial Engineering and MIS	4 Amerikis Str., 105 64, Athens	30 December 2020
Andrew D. Panzures	Member of the Board of Directors—Independent Non-Executive Member	Finance	4 Amerikis Str., 105 64, Athens	30 December 2020
Anne J. Weatherston	Member of the Board of Directors—Independent Non-Executive Member	Business and IT programming	4 Amerikis Str., 105 64 Athens	12 March 2021
Alexander Z. Blades	Member of Board of Directors—Non-Executive Member	Law	4 Amerikis Str., 105 64, Athens	30 December 2020
Periklis N. Dontas	Member of Board of Directors—Non-Executive Member—Representative of the HFSF under the HFSF Law	Economics	10 Panepistimiou Str., 106 71 Athens	30 December 2020

Corporate governance

The organisational structure of the Bank complies with the applicable framework is governing the operation of credit institutions and is structured to be responsive to the requirements of its main business areas. Particular emphasis is placed on: (i) compliance with applicable legal and regulatory provisions and the adoption of internationally-recognised best principles of good corporate governance; (ii) the creation of a framework for the self-regulation of the Bank's operations, including the establishment of binding rules for senior management and our employees which complement the applicable regulatory frameworks and the good governance of the Bank; (iii) the safeguarding of the transparency, integrity and efficiency of the existing system of corporate governance and internal control; and (iv) enhancing confidence in the Bank, of its domestic and foreign investors, shareholders, employees and customers. The organisation and operation of the Bank complies with applicable Greek laws on corporate governance of credit institutions.

Administrative, management and supervisory bodies and senior executive officers

The main administrative, management and supervisory bodies of the Bank are the Board of Directors and the following committees: the Audit Committee, the Remuneration Committee, the Risk Committee, the Nomination Committee, the Strategy Committee, the Board Ethics and Governance Committee and the Group Executive Committee.

Biographical information for each of the members of the Board of Directors of the Bank is set out under “*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*”.

Committees of the Board of Directors of Piraeus Bank Société Anonyme and the Group Executive Committee

In accordance with the resolutions of the Board of Directors of the Bank its main Board committees are:

- the Audit Committee;
- the Risk Committee;
- the Remuneration Committee;
- the Nomination Committee;
- the Strategy Committee;
- the Board Ethics and Governance Committee; and
- the Group Executive Committee.

Audit Committee

The Audit Committee is comprised of Non-Executive members of the Board, three fourths of whom are independent within the meaning of the provisions of Law 3016/2002 and are expected to satisfy the independence criteria set out in Law 4706/2020 which will apply as of 17 July 2021. The Audit Committee is chaired by an Independent Non-Executive member of the Board of Directors who meets the criteria of Article 10, paragraph 8 of the HFSF Law. The HFSF Representative participates as a member in the Audit Committee, with full voting rights. The Audit Committee is supported by an Executive Secretary and its operation is governed by the Article 44 of Law 4449/2017 and the Bank of Greece Governor’s Act 2577/2006, the respective notices, explanations and recommendations of the supervisory authorities and additionally by its Operating Regulation. The Audit Committee as a whole possesses appropriate competence and experience for the effective performance of its duties.

The main responsibilities of the Audit Committee are (i) to supervise and evaluate the drawing-up processes of the annual financial statements and interim financial information of the Group and the Bank prior to their publication; (ii) to supervise the audit and review the Bank’s annual financial statements and mid-year interim financial information conducted by the statutory auditors and to cooperate with the statutory auditors on a regular basis; (iii) to ensure the independence of the external auditors in accordance with applicable Greek law; (iv) to propose to the Board of Directors the selection or replacement of statutory auditors; (v) to identify weaknesses, make recommendations and also monitor the implementation of measures decided by the Board of Directors; (vi) to propose measures for specific areas requiring further investigation by internal or external auditors; (vii) to monitor and evaluate on an annual basis the adequacy and effectiveness of the ICS for the Bank and the Group, based on the data and information provided by the Group Internal Audit as well as by the statutory auditors and other supervisory bodies; (viii) to evaluate the work of the Group Internal Audit, focusing on issues related to the degree of its independence, the quality and scope of its audits, the priorities determined by changes in the economic environment, the systems and in the level of risks and the overall efficiency of its operation; (ix) to determine the scope and appoint an external audit firm to assess the adequacy of the ICS, periodically, and at least every three years; (x) to monitor and evaluate on an annual basis the work of the Group Compliance Division; and (xi) to monitor and evaluate on an annual basis money laundering and terrorist financing issues.

The current composition of the Audit Committee, which was appointed as a Board Committee pursuant to the Articles of Association of the Bank approved at the extraordinary General Meeting of Piraeus Holdings on 10 December 2020 for a term of three years in accordance with Article 44 of Law 4449/2017, is as follows: David Hexter, Karel De Boeck, Solomon Berahas, Andrew Panzures, Anne Weatherston (appointed as member of the Audit Committee by the extraordinary General meeting of the Bank on 12 March 2021) and Periklis Dontas. The latter, as representative of the HFSF, participates in the Audit Committee with full voting rights.

Biographical information for the members of the Audit Committee is set out under “*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*”.

Risk Committee

The Risk Committee is appointed by the Board of Directors in accordance with Act No. 2577/2006 of the Governor of the Bank of Greece and Law 4261/2014 and consists of non-executive members of the Board of Directors who have sufficient knowledge and experience in the field of risk management.

The Risk Committee consists of at least three members but not more than 40% of members of the Board of Directors. At least one third of its members must meet the independency criteria of Law 3016/2002 and the respective Recommendation of the European Commission 2005/162/EC. The Risk Committee is chaired by the Chairman (whose office is incompatible with that of the Chairman of the Board of Directors and the Chairman of the Audit Committee) and is supported by an Executive Secretary. The Chairman of the Risk Committee must meet the requirements set by Article 10, paragraph 8, of the HFSF Law, possess significant experience in corporate banking and, preferably, in risk and capital management and knowledge of the Greek and international regulatory framework. The representative of the HFSF, in accordance with the HFSF Law, participates in the Risk Committee with full voting rights. The Board of Directors has entrusted the Risk Committee with specific responsibilities that comply with Act No. 2577/2006 of the Governor of the Bank of Greece and Law 4261/2014, in order to effectively cover all forms of risk throughout the entire range of the Group and the Bank’s activities, and to ensure their consolidated audit, their specialised handling and the necessary coordination at the Bank and Group level.

The term of office of the members of the Risk Committee cannot be greater than that of the Board of Directors, but the Board of Directors is entitled to cease or replace them at any times.

The Executive Secretary of the Risk Committee is appointed by the Board of Directors and is the Chief Risk Officer of the Bank. Among other powers, the Executive Secretary leads the Risk Management Unit, according to legislation in force (now regulated by Act No. 2577/2006 of the Governor of the Bank of Greece). The Executive Secretary is directly accountable to the Risk Committee and is subject to the supervision of the Internal Audit Unit.

The Risk Committee ensures that (i) the Bank and the Group has a well-defined risk and capital strategy and risk appetite; (ii) all forms of risks (including operational risk) associated with the Bank’s operations are effectively covered; (iii) the Bank’s and the Group’s risk appetite is clearly communicated throughout the Group and constitutes the basis for the development of risk management policies and risk appetite limits at the Bank and the Group (iv) the integrated control and management of risks is soundly implemented at the Bank and the Group.

The current composition of the Risk Committee, which was appointed by the Bank’s Board of Directors on 30 December 2020, is : Karel De Boeck, David Hexter, Alexander Blades, Solomon Berahas, Andrews Panzures and Periklis Dontas. The latter, as representative of the HFSF, participates in the Risk Committee with full voting rights.

Biographical information for the members of the Risk Committee is set out under “*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*”.

Remuneration Committee

The Remuneration Committee consists of at least three non-executive members, the majority of which is independent within the meaning of Law 3016/2002 and are expected to satisfy the independence criteria set out in Law 4706/2020 which will apply as of 17 July 2021, whilst the total number of its members should not exceed 40% of the Board of Directors members. It is chaired by an Independent Non-Executive Member of our Board of Directors who meets the criteria set by Article 10, paragraph 8 of the HFSF Law. The Remuneration Committee, as a body, has knowledge and professional experience in remuneration issues, risk management and internal control. At least one member of the Remuneration Committee is also member of the Risk Committee to ensure compliance of the Remuneration Policy with the Risk and Capital Strategy of the Bank.

The Remuneration Committee is responsible for the design, monitoring and periodic review of the remuneration policy in accordance with applicable law and in alignment with the Bank's strategic goals. It takes into account the risk appetite framework of the Bank, the long-term interests of shareholders, investors and other stakeholders. In the scope of Remuneration Committee is also included the monitoring of a framework implementation that objectively evaluates performance and is directly linked to the determination of the remuneration of employees, risk takers and non-risk takers, the implementation of the Bank's talent management and succession planning policies as well as the implementation of strategies with the purpose of building a corporate culture that will support the Bank's objectives and vision. The competences of the Remuneration Committee relate both to the Bank and to other subsidiaries included in the consolidation.

The current composition of the Remuneration Committee, which was appointed by the Bank's Board of Directors on 30 December 2020, is: Arne Berggren, Enrico Tommaso Cucchiani, Venetia Kontogouris, Solomon Berahas and Periklis Dontas. The latter, as representative of the HFSF, participates in the Remuneration Committee with full voting rights.

Biographical information for the members of the Remuneration Committee is set out under "*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of Our Board of Directors*".

Nomination Committee

The Nomination Committee consists of at least three non-executive members of the Board of Directors, including a representative of the HFSF, whilst the total number of its members should not exceed 40% of the Board of Directors members (excluding the HFSF Representative). The majority of the members must be independent non-executive.

The Nomination Committee is responsible for, among others; (i) the identification and nomination of suitable candidates for election or replacement of the members of the Board of Directors; (ii) the establishment of a candidate's "independence" as well as the evaluation of the independence of the incumbent non-executive members of the Board of Directors once every two years; (iii) the review, at least on an annual basis, of the structure, size and composition of the Board of the Directors and its committees (and recommending any relevant amendments to the Board of Directors); (iv) the design of the succession planning for the Board of Directors and top executive management over the longer term; (v) the adoption of a nomination criteria policy and a diversity policy and their periodic review; and (vi) the assessment, on an annual basis, of the effectiveness of the Board of the Directors and its committees.

The Nomination Committee ensures that the members of the Board of Directors have, as a whole, sufficient knowledge of, and experience in, at least our main activities in order to exercise meaningful supervision over our operations, either directly or indirectly through the various Board of Directors' Committees.

The Nomination Committee takes into account on an ongoing basis the need to ensure that the decision-making process of the Board is not influenced by any one member or small group in a way that would affect the interests of the Bank as a whole.

The Nomination Committee may use any resources it deems appropriate, including external consultants, and it shall be provided the adequate funds to meet this objective.

The current composition of the Nomination Committee, which was appointed by the Bank's Board of Directors on 30 December 2020, is: Arne Berggren, Enrico Tommaso Cucchiani, Venetia Kontogouris, Andrew Panzures, Alexander Blades and Periklis Dontas. The latter, as representative of the HFSF, participates in the Nomination Committee, with full voting rights.

Biographical information for the members of the Nomination Committee is set out under "*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*".

Strategy Committee

The Strategy Committee is appointed by the Board of Directors of the Bank, is comprised of Non-Executive members of the Board of Directors and is chaired by the Chairman of the Board. The Representative of the HFSF participates as a member in the Strategy Committee with full voting rights. The Strategy Committee is supported by an Executive Secretary who is appointed by the Board of Directors.

The main responsibility of the Strategy Committee is: (i) to define the objectives of the Bank's strategic plan and provide guidelines on the Bank's business plan; (ii) to monitor and control the implementation of the approved business plan; (iii) to follow up on a regular basis, analyse and submit its suggestions to the Board of Directors on issues concerning strategic choices of the Bank; (iv) to monitor, track and analyse arising risks in the implementation of the approved business plan and submit to the Board of Directors recommendations on how to address them; (v) to propose the above issues for inclusion on the daily agenda of the Board of Directors or of the General Meeting of the Bank; (vi) to monitor and submit suggestions to the Board of Directors on all issues of strategic importance; (vii) to operate as a crisis management committee.

The current composition of the Strategy Committee, which was appointed by the Bank's Board of Directors on 30 December 2020, is: George Handjinicolaou, Karel De Boeck, Arne Berggren, Enrico Tommaso Cucchiani, David Hexter, Venetia Kontogouris, Alexander Blades and Periklis Dontas. The latter, as representative of the HFSF, participates in the Strategy Committee, with full voting rights.

Biographical information for the members of the Strategy Committee is set out under "*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*".

Board Ethics and Governance Committee

Following Board of Directors' resolution on 28 November 2018, a Board of Directors Ethics Committee was set up in early 2019. Then, following the Board of Directors' resolution of 25 July 2019, the Committee was renamed Board Ethics and Governance Committee. Pursuant to the same resolution, this Committee consists of Non-Executive Board Members and Independent Non-Executive Board Members. Group General Counsel is present in the meetings. Depending on the items of the agenda and, if deemed necessary, other Group executives may be present.

The main objective of the Committee is to support the Board and Board Committees by proactively setting, monitoring, supporting and overseeing policies and strategies applied by Management, aiming at generating right values and culture, so that the Bank operates with moral integrity.

The current composition of the Board Ethics and Governance Committee, which was appointed by the Bank's Board of Directors on 30 December 2020, is: George Handjinicolaou, Karel De Boeck, Enrico Tommaso Cucchiani, David Hexter, Venetia Kontogouris, Arne Berggren, Solomon Berahas, Alexander Blades and Periklis Dontas. The latter as representative of the HFSF, participates in the Board Ethics and Governance Committee, with full voting rights.

Biographical information for the members of the Board Ethics and Governance Committee, which was appointed by the Bank's Board of Directors on 30 December 2020 is set out under "*Administrative, Management and Supervisory Bodies and Senior Management—Management and corporate governance of Piraeus Holdings—Members of our Board of Directors*".

Group Executive Committee

The Group Executive Committee consists of senior executives of the Bank and is chaired by the CEO, Executive Member of the Board of Directors.

By authorisation of the Piraeus Bank's Board of Directors, the Group Executive Committee has the following responsibilities, which it may confer or assign to administrative committees, to members of the committees or executives of the Bank:

(i) monitors the implementation of the Bank's and the Group's business plan and makes the necessary decisions for the accomplishment of the objectives included in the plan; (ii) draws up the guidelines of the budget and proposes the annual budget to the Board of Directors; (iii) supervises and monitors the progress of the Group, in Greece and abroad; (iv) sets up the administrative committees and specifies their composition and responsibilities; (v) approves, supplements or amends the accounting principles of the Group; (vi) determines the interest rates policy and the pricing framework of products and services offered by the Bank; (vii) approves the introduction of new products, as well as the major differentiation of the Bank's existing products and services, as well as the settlement products, and specifies their pricing policy prior to their launch to customers; (viii) approves the marketing strategy and the sponsorships and monitors their implementation and effectiveness;

(ix) approves the Group’s technological infrastructures strategy; (x) approves the principles and rules of credit policy, as well as the regulations, manuals, policies and procedures of our credit policy, which come into force for the implementation of these principles, as well as any of their amendments, following the agreement with the Group Chief Risk Officer, except for the amendments of risk appetite, which are approved by the Risk Committee; (xi) monitors and oversees the implementation of corporate governance rules and programmes and makes decisions regarding compliance measures following the recommendation of the responsible units or committees; (xii) approves the human resources’ programmes (such as voluntary exit scheme, remunerations, insurance and other benefits), always within the limits set by our remuneration policy under delegation of the relevant responsibility from our Board of Directors pursuant to Article 3 of Law 3016/2002; (xiii) approves the executives’ promotions to grades higher than that of a “Director”; (xiv) determines, within the range of its own approval powers, the approval limits of the Bank’s administrative committees and executives for the issues not related to the credit approval; (xv) informs the Board of Directors, through its Chairman, at least on a quarterly basis, that the Committee’s operation is consistent with the business strategy as well as the risk strategy of the Bank; and (xvi) approves the initiation of collaborations in the sectors or branches of the economy, on the relevant recommendation of the heads of the responsible business units or support units.

The current composition of the Group Executive Committee, which was appointed by the Bank’s Board of Directors on 30 December 2020 is: Christos Megalou, Athanasios Arvanitis, Eleni Vrettou, Theodoros Gnardellis, George Georgopoulos, George Kormas, Vasileios Kountentakis, Dimitrios Mavroyiannis, Emmanouil Bardis, Konstantinos Paschalis and Ioannis Stamoulis.

14.11 Compensation and benefits

The following table presents the total compensation and benefits provided to the members of the Board of Directors of Piraeus Holdings (former Piraeus Bank Société Anonyme) described below in 2020:

Name	Position ⁽¹⁾	Total compensation and benefits (€ in thousands) Gross
Alexander Z. Blades	Non-Executive member of the Board of Directors, member of the Risk Committee and the Nomination Committee	—
Arne S. Berggren	Independent Non-Executive member of the Board of Directors—Chairman of the Remuneration Committee and the Nomination Committee	120,000.00
Christos I. Megalou	CEO—Executive member of the Board of Directors—Chairman of the Group Executive Committee	323,707.15
David R. Hexter	Independent Non-Executive member of the Board of Directors—Chairman of the Audit Committee and member of the Risk Committee	156,000.00
Enrico Tommaso C. Cucchiani	Independent Non-Executive member of the Board of Directors—Member of the Remuneration Committee and the Nomination Committee	72,000.00
George P. Handjinicolaou	Chairman—Non-Executive member of the Board of Directors	265,837.66
Karel G. De Boeck	Vice Chairman—Independent Non-Executive member of the Board of Directors—Chairman of the Risk Committee and member of the Audit Committee	160,000.00
Periklis N. Dontas	Non-Executive member of the Board of Directors—Representative of the HFSF under the HFSF Law—Member of the Audit Committee, the Risk Committee, the Remuneration Committee and the Nomination Committee	120,000.00
Solomon A. Berahas	Independent Non-Executive member of the Board of Directors—Member of the Audit Committee, the Risk Committee and the Remuneration Committee	96,000.00

Name	Position ⁽¹⁾	Total compensation and benefits (€ in thousands) Gross
Vasileios D. Koutentakis . . .	Executive Member of the Board of Directors—Member of the Group Executive Committee—Executive General Manager, Retail Banking & Distribution Network, Piraeus Bank Société Anonyme	310,545.26
Venetia G. Kontogouri	Independent Non-Executive member of the Board of Directors—Member of the Remuneration Committee and the Nomination Committee	65,290.32
Andrew D. Panzures	Independent Non-Executive member of the Board of Directors—Member of the Audit Committee, the Risk Committee and the Nomination Committee	44,951.65
Anne J. Weatherston	Independent Non-Executive member of the Board of Directors—Member of the Audit Committee and the Remuneration Committee	34,371.01

(1) Reflects current participation in the Board of Directors and the Committees of the Board of Directors.

The total sum which we provided for pensions, remuneration and/or similar benefits for the members of the Board of Directors for 2020 was €1,768,703.05. Total potential remuneration from insurance contracts has been calculated in the aforementioned sum under the terms and conditions as then in force.

In regard to the members of the Board of Directors, no contractual terms apply for the provision of benefits upon termination of their contractual relationship with the Group, apart from the aforementioned remuneration.

The above members of the Board of Directors did not receive any remuneration for their participation on the Boards of Directors of subsidiaries and/or other remuneration from the Group with the exemption of Mr. George Handjinicolaou and Mr. Christos Megalou, pursuant to our General Meeting on 26 June 2020.

The compensation presented in the above table includes pension, medical care, life insurance, child savings plan as well as the annual corporate car leasing cost.

Pursuant to the HFSF Law, each of Piraeus Holdings and Piraeus Bank Société Anonyme is required to limit maximum executive pay to their respective Chairman, the Managing Director, Board members, as well as general managers and their deputies, to that of the Governor of the Bank of Greece. Moreover, under the above-mentioned law, as currently applicable, each of Piraeus Holdings and Piraeus Bank Société Anonyme is prohibited from paying bonuses to the aforementioned persons.

The members of the Board of Directors of Piraeus Holdings, Piraeus Bank Société Anonyme and its other subsidiaries are not provided with any additional compensation (bonus) apart from the aforementioned compensation.

On 30 December 2020, the Board of Directors of Piraeus Holdings approved the severance policy of the Group's top management, which includes the CEO, the executive board members, the executive general managers (including persons whose role bears the level of responsibility of executive general manager) and the general managers (including persons whose role bears the level of responsibility of general manager). Under this policy, executives are entitled to severance payments related to the early termination of an employment contract in good terms, based on their tenure in the Group, ranging between twelve and twenty four monthly gross salaries, but in no case the total amount of their compensation at the year of termination of their contract, including their severance pay, can exceed the salary cap of the Governor of the Bank of Greece. The amount of the severance pay consists of any upfront component which cannot exceed 60% of the total severance amount and is payable at the end of a six month non-compete period, and a deferred component of 40% payable in three annual instalments following the executive's termination date, while the severance pay is subject to malus or clawback arrangements up to 100% on the basis of certain criteria related to the executive concerned.

At the General Meeting held on 26 June 2020, the shareholders of Piraeus Holdings (former Piraeus Bank Société Anonyme) approved the salaries, benefits and compensation of the members of the Board of Directors for 2019 and pre-approved the payment of compensation to the members of the Board of Directors for the year 2020, in line with Piraeus Holdings' (former Piraeus Bank Société Anonyme) directors' remuneration policy for

members of the Board of Directors, pursuant to Law 4548/2018. The annual remuneration report including remuneration received by members of the Board of Directors during 2019 was presented before the General Meeting and voted upon by the shareholders of Piraeus Holdings (former Piraeus Bank Société Anonyme), pursuant to Article 112 of Law 4548/2018.

With the exception of (i) Christos Megalou, our CEO and Chairman of the Group Executive Committee, who holds 100,000 Ordinary Shares (before the Reverse Split); (ii) Georgios Georgopoulos, Group CHRO, our Executive General Manager and Member of the Group Executive Committee, who holds 10,000 Ordinary shares (before the Reverse Split); (iii) and Athanasios Arvanitis, our Group Chief Treasurer, Executive General Manager and Member of the Group Executive Committee, who holds 20 Ordinary shares (before the Reverse Split), no other member of the Board of Directors or member of the administrative, management and supervisory bodies of Piraeus Holdings held Ordinary Shares as at the Date of this Prospectus.

As at the Date of this Prospectus, no stock options for the purchase of shares of Piraeus Holdings had been granted to the members of its administrative, management and supervisory bodies or senior management.

Pursuant to a resolution of the General Meeting of 7 April, our Board of Directors was authorised to establish for five years from the resolution of the General Meeting a five-year stock option plan in accordance with the provisions of Article 113, paragraph 4 of Law 4548/2018 to executives and employees of Piraeus Holdings and its affiliated companies (within the meaning of Article 32 of Law 4308/2014), in the form of stock options, by increasing the share capital of Piraeus Holdings with the issuance of new shares and to determine, without prejudice to the provisions of Law 3864/2010, the terms of the stock options, at its discretion, in accordance with the provisions of Article 113 of Law 4548/2018. Such authorisation is valid for five years from the resolution of such General Meeting. The maximum nominal value of all new shares that may be awarded pursuant to such stock option plan will correspond to 1.5% of the paid-up share capital of Piraeus Holdings as at the date of its establishment by our Board of Directors.

15. DOCUMENTS AVAILABLE

15.1 Documents made available to investors

For the whole duration that this Prospectus remains valid, *i.e.* for a period of 12 months after its approval, the following documents, which can be inspected, will be made available to the investors on our website: <https://www.piraeusholdings.gr/> in the same section as the Prospectus.

- our Articles of Association;
- an excerpt from the minutes of our General Meeting held on 7 April 2021, which, among others, authorised our Board of Directors to approve the increase of our share capital; and
- an excerpt from the minutes of meeting of our Board of Directors held on 16 April 2021, which, among other matters, approved the Share Capital Increase.

Other information included on our website does not form part of this Prospectus.

15.2 Documents incorporated by reference

The annual report for the year ended 31 December 2020 including the annual audited consolidated financial statements as at and for the year ended 31 December 2020, the notes thereto and the auditor's report: https://www.piraeusholdings.gr/~media/Com/2020/Files/Investor-Relations/Financials/Financial-Statements/Statements/2020-Annual-Financial-Report_Holdco_eng.pdf.

Other information included on our website does not form part of this Prospectus.

SECURITIES NOTE

16. ESSENTIAL INFORMATION

16.1 Interest of natural and legal persons involved in the Public Offering

Piraeus Holdings, taking into consideration as a criterion any form of compensation previously provided to Piraeus Bank S.A. as well as the following criteria based on the ESMA guidelines: whether Piraeus Bank S.A. (i) holds equity securities of Piraeus Holdings or its subsidiaries; (ii) has a direct or indirect economic interest that depends on the success of the Public Offering; or (iii) has an understanding or arrangement with major shareholders of Piraeus Holdings, in conjunction with the fact that Piraeus Holdings holds, directly or indirectly, the total number of shares of Piraeus Bank S.A. and of its subsidiaries, therefore being the indirect shareholder of all companies of the Group, declares that, there are no interests or conflicting interests of Piraeus Bank S.A. that are material to the Public Offering, other than the interest deriving from the relationship parent to subsidiary company which connects it to Piraeus Bank S.A., the interest of both that depends on the success of the Share Capital Increase, as discussed in “—*Reasons for the Share Capital Increase and use of proceeds*” and as further stated by Piraeus Bank S.A. as Lead Underwriter.

The Lead Underwriter, Piraeus Bank S.A., taking into consideration as criterion any form of compensation previously received from Piraeus Holdings as well as the following criteria based on the ESMA guidelines: (i) whether it holds equity securities of Piraeus Holdings or its subsidiaries; (ii) whether it has a direct or indirect economic interest that depends on the success of the Public Offering; or (iii) whether has any understanding or arrangement with major shareholders of Piraeus Holdings, in conjunction with the fact that Piraeus Holdings holds, directly or indirectly the total number of shares of Piraeus Bank S.A., declares that it does not have any interests or conflicting interests that are material to the Public Offering, other than the indirect interest deriving from the above-mentioned relationship subsidiary and parent company which connects it to Piraeus Holdings and the direct interest that depends on the success of the Share Capital Increase, as discussed in “—*Reasons for the Share Capital Increase and use of proceeds*”.

In addition, in the context of the execution of investment banking, banking and brokerage services, it states that:

- (a) It will receive fees related to the Public Offering (see “*Expense of the Issue/Offer*”);
- (b) Piraeus Bank S.A., and its subsidiaries (within the meaning of Article 32 of Law 4308/2014, as in force) have provided and/or may in the future provide investment banking, banking and other investment or ancillary services in the ordinary course of their business either to Piraeus Holdings or to its related companies for which they receive and/or may in the future receive fees and/or commissions;
- (c) Pursuant to Article 2, paragraph (2)(k) of Law 3864/2010, as in force, Piraeus Holdings’ major shareholder, *i.e.* the HFSF, also exercises in Piraeus Bank S.A. rights arising from the Relationship Framework Agreement. There is no other agreement with Piraeus Holdings’ major shareholders, other than contracts, for the provision of banking operations, as well as investment or ancillary services performed in the normal course of their business, which all are unrelated contracts and transactions to the Public Offering; and
- (d) Piraeus Bank S.A., with reference date the 5th April 2021, does not hold shares in Piraeus Holdings, except of the following: Piraeus Bank S.A., holds directly, as a result of a pledge, in the context of loan agreements with debtors 7,827,050 pledged shares of Piraeus Holdings, and indirectly, through its subsidiary “Piraeus SNF Designated Activity Company”, holds 2,211,394 pledged shares of Piraeus Holdings, and through its subsidiary “Piraeus Leases S.A.” holds three pledged shares, in the context of loan agreements with debtors. Due to the parent-subsidiary relationship between Piraeus Holdings and Piraeus Bank S.A., Piraeus Holdings indirectly holds the shares of Piraeus Bank S.A.’s subsidiaries (within the meaning of Article 32 of Law 4308/2014, as applicable). Finally, with reference date the 1st April 2021, Piraeus Securities S.A., a company related to Piraeus Bank S.A. (within the meaning of Article 32 of Law 4308/2014, as in force) is a market maker for derivatives of Piraeus Holdings and holds, in such capacity, 37,767 derivatives of Piraeus Holdings. It also acts as a market maker for shares of Piraeus Holdings and in such capacity holds 5,928 shares of Piraeus Holdings.

The Lead Underwriter, Euroxx Securities S.A., taking into consideration, as criterion, any form of compensation previously received from Piraeus Holdings as well as the following criteria based on the ESMA guidelines: (i) whether it holds equity securities of Piraeus Holdings or its subsidiaries; (ii) whether it has a direct or indirect economic interest that depends on the success of the Public Offering; or (iii) whether has any

understanding or arrangement with major shareholders of Piraeus Holdings, declares that it does not have any interests or conflicting interests that are material to the Public Offering.

In addition, in the context of the execution of investment banking and brokerage services, it states that:

- (a) It will receive fees related to the Public Offering (see “*Expense of the Issue/Offer*”);
- (b) Euroxx Securities S.A. and its subsidiaries (within the meaning of Article 32 of Law 4308/2014, as in force) have provided and/or may in the future provide investment banking, and other investment or ancillary services in the ordinary course of their business either to Piraeus Holdings or to its related companies for which they receive and/or may in the future receive fees and/or commissions;
- (c) There is no other agreement with Piraeus Holdings’ major shareholders, other than contracts, for the provision of banking operations, as well as investment or ancillary services performed in the normal course of their business, which all are unrelated contracts and transactions to the Public Offering; and
- (d) Euroxx Securities S.A. with reference date the 1st April 2021, does not hold shares in Piraeus Holdings, except that is a market maker for derivatives of Piraeus Holdings and holds, in such capacity, 1,200 derivatives of Piraeus Holdings.

16.2 Reasons for the Share Capital Increase and use of proceeds

The Share Capital Increase through the Combined Offering represents a key component of our Capital Enhancement Plan, announced on 16 March 2021, which, in turn, is intended to facilitate the execution of our NPE Reduction Plan by allowing us to better sustain anticipated losses to be incurred from NPE reduction and ensuring our adequate capital position by strengthening our core capital adequacy ratios. For further information on our NPE Reduction Plan and Capital Enhancement Plan, please refer to “*Group’s Business Overview—Our strategy—Optimise our balance sheet by executing the NPE Reduction Plan and the Capital Enhancement Plan*” of this Prospectus.

Provided that the Combined Offering is successful and that all the New Shares are subscribed for and issued, the expected amount of gross proceeds of the Combined Offering will be €1,380 million assuming that the final offering price for the New Shares will be the maximum price of the Price Range. Expenses directly related to the Combined Offering are estimated to be approximately €83 million, therefore, the net proceeds of the Public Offering are expected to be approximately €1,297 million on the basis of the same assumptions.

The net proceeds raised by Piraeus Holdings from the Share Capital Increase will be made available to the Bank through a share capital increase, which will be fully subscribed by Piraeus Holdings. The purpose of the Bank’s share capital increase is to facilitate the timely execution of the NPE Reduction Plan by allowing the Bank to better sustain anticipated losses to be incurred from NPE sales and ensuring its adequate capital position. The said share capital increase is expected to be completed by June 2021.

As at 31 December 2020, and after giving *pro forma* effect to the successful completion of the Share Capital Increase through the Combined Offering and assuming that the final offering price for the New Shares will be the maximum price of the Price Range, we would have had a phased-in Common Equity Tier 1 ratio of 16.9% and a phased-in total capital ratio of 19% compared to such reported ratios of 13.75% and 15.82%, respectively, as of the same date. Achieving our targeted capital adequacy ratio will depend on the successful and timely completion of our Capital Enhancement Plan NPE Reduction Plan, as well as other factors, including factors beyond our control, all of which are subject to risks and uncertainties as disclosed elsewhere in this Prospectus. See “*Risk Factors—Risks relating to our business—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”, “*—Risks relating to our business—We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*”. For further information on our capital adequacy ratios, please see “*Information on the Capital of the Group—Capital Management*”.

By virtue of the authority given to it pursuant to the resolution of the General Meeting held on 7 April 2021, our Board of Directors approved, among other matters, the Share Capital Increase and the Combined Offering, as more particularly described in “*Terms and Conditions of the Share Capital Increase and Public Offering*” of this Prospectus.

Our management undertakes to inform the ATHEX as well as the HCMC of the use of proceeds from the Share Capital Increase, as required under the applicable legal and regulatory framework. The investors are kept

informed about the above use of proceeds through our semi-annual and annual audited financial statements published in our website, the ATHEX website, and the Daily Bulletin of the ATHEX.

In addition, our management undertakes to make public any inside information related to the use of proceeds in accordance with Regulation (E/E) 596/2014, the provisions of Law 4443/2016 and any other applicable laws and regulations.

16.3 Working capital statement

Our management declares that we have sufficient working capital for our current activities for the next 12 months.

16.4 Capitalisation and indebtedness

The following table sets out (i) our consolidated indebtedness as at 31 December 2020 and (ii) our consolidated capitalisation as at 31 December 2020 and after giving effect to the successful and full completion of the Combined Offering.

(€ in millions)	As at 31 December 2020		
	Actual	Adjusted for the Combined Offering with the Minimum Price of the Price Range	Adjusted for the Combined Offering with the Maximum Price of the Price Range
CAPITALISATION			
Total Current Debt⁽¹⁾	11,267	11,267	11,267
Total Non-Current Debt⁽²⁾	1,641	1,641	1,641
Shareholder Equity	7,153	8,251	8,423
Share capital	2,620	1,250	1,250
Share premium	13,075	17,936	18,108
Contingent Convertible Bonds	2,040	0	0
Less: Treasury shares	(1)	(1)	(1)
Other reserves and retained earnings	(10,687)	(11,040)	(11,040)
Non-controlling interest	106	106	106
Total	20,061	21,159	21,331

(1) Includes current lease liabilities amounting to €26 million and does not include amounts due to customers. The amount of €11,091 million in total current debt is secured.

(2) Includes non-current lease liabilities amounting to €102 million and does not include amounts due to customers. The amount of €471 million in total non-current debt is secured.

Source: data based on our annual audited consolidated financial statements as at and for the year ended 31 December 2020.

(€ in millions)	As at 31 December 2020
	Actual
INDEBTEDNESS	
Current Financial Assets	
Cash (A)	782
Cash equivalents (B)	8,521
Other current financial assets (C)	7,272
Liquidity (D)=(A)+(B)+(C)	16,575
Due to banks (E1)	11,241
Lease liabilities (E2)	26
Total Current Debt (E)=(E1)+(E2)	11,267
Net Current Financial Indebtedness (F)=(E)-(D)	(5,308)
Due to banks (G1)	135
Lease liabilities (G2)	102
Debt securities in issue (G3)	471
Other borrowed funds (G4)	933
Total Non-Current Debt (G)=(G1)+(G2)+(G3)+(G4)	1,641
Total Financial Indebtedness (H)=(F)+(G)	(3,667)

Source: data based on our annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Our total capital amounted to €20,061 million and our net financial debt to €3,667 million. The management declares that there are no significant changes to the capital structure and net financial debt apart from the conversion of the Contingent Convertible Bonds, the approval of the Share Capital Increase pursuant to the Board of Directors' decision on 16 April 2021, by virtue of the authority given to it pursuant to the resolution of the General Meeting held on 7 April 2021 and the creation of a special reserve of Article 31, paragraph 2 of Law 4548/2018 as a result of the reduction of the share capital of Piraeus Holdings through the decrease of the nominal value of each ordinary share pursuant to the resolution of the General Meeting held on 7 April 2021.

17. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING

17.1 General information

The shares issued by Piraeus Holdings are ordinary registered shares with voting rights, the nominal amount of which is expressed in euro (Ordinary Shares); the Ordinary Shares are dematerialised, listed on the ATHEX and trade in Euro in the Main Market of the Regulated Securities Market of the ATHEX under ISIN (International Security Identification Number), after the Reverse Split, GRS014003032. Trading unit is one (1) share. The New Shares are to be issued pursuant to the resolution of our Board of Directors held on 16 April 2021 on the approval for the Share Capital Increase, following a relevant authorisation granted to our Board of Directors by the extraordinary General Meeting held on 7 April 2021. See “*Terms and Conditions of the Share Capital Increase—Share Capital Increase and the Public Offering*”.

As at 31 December 2020, the share capital of Piraeus Holdings amounted to €2,619,954,984, consisting of 436,659,164 Ordinary Shares, with a par value of €6.00 each. Moreover, as a result of the conversion of the Contingent Convertible Bonds and completion of our share capital increase inherent thereto, as at 4 January 2021, our share capital amounted to €4,986,354,984 divided into 831,059,164 Ordinary Shares. In addition, following completion of our Reverse Split and Share Capital Decrease approved by our extraordinary General Meeting on 7 April 2021, our outstanding paid-up share capital currently amounts to €50,367,223.00 and is divided into 50,367,233 Ordinary Shares, each having a nominal value of €1.00, which will also be the nominal value of the New Shares.

No tender offer has been submitted for the acquisition of our Ordinary Shares, and hence the provisions relating to the squeeze out and sell out of the minority shareholders of Piraeus Holdings do not apply at the time of this Prospectus. As Piraeus Holdings is a significant supervised entity within the meaning of Article 6, paragraph 4 of Regulation (EU) No 1024/2013, a change of control of Piraeus Holdings and, as a result of Piraeus Bank, is subject to prior approval by the ECB through the SSM. For a description of the regulatory framework applicable to the Issuer, please see “*Elements of Regulatory Framework—Introduction*”.

The Ordinary Shares that the HFSF holds are not subject to tender offers but will be taken into account for calculating the thresholds of Article 7, paragraph 1 of Law 3461/2006.

Piraeus Holdings has not entered into any market-making contracts in respect of the Ordinary Shares.

17.2 Transfer of shares

The Ordinary Shares are freely transferable, and no restrictions are provided for in the Articles of Association in respect of transfers of the Ordinary Shares. Transfers of ownership of Ordinary Shares are carried out as prescribed by Greek law either through the ATHEX trading system or OTC through the DSS operated by the ATHEXCSD. All transfers are finally registered with the DSS on completion of the applicable clearing and settlement process.

17.3 Issue of shares and pre-emptive rights

The share capital may be increased pursuant to a decision of the General Meeting by increased quorum and majority.

New shares issuable pursuant to a share capital increase which is not effected through contributions in kind or conversion of convertible bonds shall be offered on a pre-emptive basis to the existing shareholders at the relevant record date *pro rata* to their shareholding participation in the existing share capital, unless the pre-emptive rights of the shareholders have been limited or repealed by a decision of the General Meeting taken by increased quorum and majority and pursuant to the other related provisions of Greek corporate law. If and to the extent the existing shareholders do not exercise their pre-emptive rights within the period prescribed by the competent body of Piraeus Holdings (which shall be at least 14 days), the Board of Directors can freely dispose of the unsubscribed shares.

In addition, the Board of Directors may decide to increase the share capital provided it has received within the last five years a special authorisation by the General Meeting in accordance with Greek corporate law. Again, the existing shareholders will have pre-emptive rights in respect of such share capital increase, unless such pre-emptive rights have been limited or repealed in the manner described above.

Such share capital increases constitute an amendment to the Articles of Association and are reflected therein by the Board of Directors following of each share capital increase.

Furthermore, according to the Articles of Association, where Piraeus Holdings has already issued shares of more than one category and the voting rights and/or the rights to participate in the profits and liquidation proceeds are different for each category, it is possible to increase the share capital through shares of only one of these categories with the approval of the other categories whose rights are affected. In this case, the shareholders of the other categories may only exercise pre-emptive rights after the exercise of pre-emptive rights by the shareholders of the category to which the shares to be issued belong.

17.4 Rights of shareholders

The ATHEXCSD issues certificates to shareholders evidencing their capacity as shareholders and providing information on the share identification data, the number of Ordinary Shares owned, the reason for the certificate's issue as well as any possible encumbrances over Ordinary Shares. These certificates are issued by the ATHEXCSD following a shareholder's request addressed to the ATHEXCSD, either directly or through an account operator.

The person whose name appears in the ATHEXCSD's records will be considered to be the holder of the relevant Ordinary Shares and will benefit from the rights below.

Law 4569/2018 introduced the structure of omnibus securities accounts at the register of ATHEXCSD, *i.e.* accounts held by intermediaries for the benefit of end-investors (referred to as "clients securities accounts"). In case of shares held in clients securities accounts, the capacity of the shareholder vis-à-vis the company is evidenced through the registration of the shareholder in the books of the intermediary holding the clients securities account. Following the licensing of the ATHEXCSD under CSDR by virtue of the HCMC's Decision No. 6/904/26.02.2021 and the entry into force of the ATHEXCSD Rulebook, on 12 April 2021, clients securities accounts have become fully operational in Greece.

Furthermore, in accordance with Article 29 of Law 4706/2020, intermediaries are required to facilitate the exercise of the rights by the shareholder, including the right to participate and vote in general meetings, by comprising at least one of the following: (i) making the necessary arrangements for the shareholder or their proxy to be able to exercise themselves the rights; (ii) exercising the rights deriving from the shares upon the explicit authorisation and instruction of the shareholder and for the shareholder's benefit. In addition, when votes are cast electronically an electronic confirmation of receipt of the votes is sent to the person that casts the vote immediately following the general meeting. In any case, the shareholder or their proxy can obtain, upon request and within a three month deadline commencing from the date when the general meeting was held, confirmation that his votes have been validly recorded and counted by the company, unless that information is already available to the shareholder. Where such confirmation is received by an intermediary it should be transmitted without delay to the shareholder or their proxy. Where there is more than one intermediary in the chain of intermediaries the confirmation shall be transmitted between intermediaries without delay, unless the confirmation can be directly transmitted to the shareholder or their proxy.

General rights

Each Ordinary Share incorporates rights in proportion to the percentage of the share capital which it represents. The shareholder's liability is limited to the nominal value of the Ordinary Shares it holds. Where Ordinary Shares are jointly owned, the rights of the joint owners are exercised only by their common representative. The joint owners may be held liable jointly and severally for the fulfilment of the obligations arising from the jointly owned Ordinary Shares.

Without prejudice to the special rights of HFSF in respect of the Ordinary Shares it holds (see "—Special rights"), each Ordinary Share incorporates all rights and obligations provided for by Law 4548/2018 and the Articles of Associations and in particular:

- the right to participate and vote in the General Meetings;
- the right to receive dividend from Piraeus Holdings' profits. For a detailed description of the relevant regulatory framework, Piraeus Holdings' and the Bank's dividend policy and any restrictions thereto, please see "*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits, and Losses—Dividends and dividend policy*". If declared, the right to receive dividend is time-barred upon the lapse of a five-year period from the end of the year during which distribution of such dividend was approved by the General Meeting;

- the right to receive out of the liquidation proceeds or capital returns the amount corresponding to the Ordinary Shares owned;
- pre-emptive rights in every increase of the share capital (other than through contributions in kind) and every issuance of convertible bonds, as long as the General Meeting, or the Board of Directors, as applicable, has not limited or repealed such rights;
- the right to receive copies of the financial statements and the reports of the auditors and the Board of Directors ten days before the annual General Meeting; and
- for the rights of minority shareholders, see “—*Rights of minority shareholders*”.

Special rights

For a detailed description of the special rights of the HFSF as shareholder under the HFSF Law and the Relationship Framework Agreement, please see “*Elements of Regulatory Framework—The HFSF—Special rights of the HFSF*” and “*Elements of Regulatory Framework—The HFSF—The Relationship Framework Agreement*”.

Rights of minority shareholders

Law 4548/2018 provides that upon request by shareholders representing 5% of the paid-up share capital and subject to any requirements set out therein:

- the Board of Directors shall convene an extraordinary general meeting within 45 days of service of the request;
- the Board of Directors shall include additional items to the agenda of the General Meeting already convened;
- draft resolutions proposed by such shareholders in relation to any General Meeting agenda items shall be made available to the other shareholders;
- the chairman of the General Meeting is obliged to allow one postponement of the adoption of resolutions by the General Meeting provided an adjourned meeting is convened within 20 days to reconsider the resolutions;
- the resolution of any matter included on the agenda for the General Meeting must be adopted by a roll call;
- the Board of Directors shall disclose to the annual General Meeting any amounts distributed or any other benefits granted to the directors and senior management during the course of the last two years and any agreements concluded between us and such persons;
- a competent court shall review the operations of Piraeus Holdings if it is believed that actions taken by the Board of Directors violated applicable law, the Articles of Association or resolutions of the General Meeting; and
- the Board of Directors shall resolve on bringing an action against any of its members whose acts or omissions damaged Piraeus Holdings.

In addition, shareholders representing 5% of the issued share capital may request the annulment of a General Meeting’s decision on the grounds that the resolution was made without the required information having been made available to the shareholders, despite a relevant request.

The annulment of a General Meeting’s decision may also be requested by shareholders representing 2% of the paid-up share capital, whether such shareholder(s) did not attend a General Meeting or attended and objected to the decision-making, which (decision) was taken: (i) in violation of the law or the Articles of Association; (ii) by a General Meeting not properly convened or constituted; or (iii) by abuse of the rights of the majority shareholders.

Shareholders representing 10% of the paid-up share capital may: (i) request that the Board of Directors provides them with information on the conduct of the business and the financial condition of Piraeus Holdings at the General Meeting; and (ii) object to a decision of the Board of Directors, whereby Piraeus Holdings is to waive or settle its claims against the directors.

Shareholders representing 20% of the paid-up share capital have the right to request a competent court to review Piraeus Holdings' operations, when it is believed that it is not properly managed.

Shareholders representing 33.33% of the paid-up share capital may ask from the competent court the dissolution of Piraeus Holdings provided a significant reason exists therefor which renders its continuation impossible in an obvious and permanent way.

Any shareholder may request the Board of Directors to provide to the General Meeting certain information concerning the affairs of Piraeus Holdings, to the extent they are useful for the evaluation of the items on the agenda.

The Board of Directors may refuse to provide information requested by a shareholder on reasonable grounds, which must be recorded in the minutes in accordance with the law.

Rights on liquidation

Subject to the provisions of the BRRD and the Greek BRRD Law in connection with the resolution of financial holding companies, such as Piraeus Holdings, in accordance with Greek corporate law, Piraeus Holdings may be dissolved in the following cases: (i) expiration of its statutory duration as provided by its Articles of Association; (ii) a relevant decision of the General Meeting taken by an increased quorum and majority; (iii) upon declaration of Piraeus Holdings into bankruptcy; (iv) upon rejection of a bankruptcy application due to insufficiency of Piraeus Holdings' assets for such procedure; or (v) a decision of the competent court following a request by any person having legal interest or by Piraeus Holdings' shareholders in accordance with, and subject to, the relevant provisions of Law 4548/2018. A liquidation procedure will follow dissolution of Piraeus Holdings.

During liquidation, the General Meeting is entitled to all rights under the Articles of Association and Greek law and has the authority to designate one or more liquidators who have all the rights ordinarily held by the board of directors. The board of directors will cease to exist upon the appointment of the liquidators.

Upon the passing of the resolution on liquidation, the liquidator(s) should draw up an inventory of all assets, complete all pending transactions, collect all receivables, discharge all debts and liquidate all assets to the extent necessary to discharge the company's liabilities. Following the discharge of all liabilities, the liquidator(s) should distribute any remaining assets to the company's shareholders *pro rata* to their shareholding therein.

17.5 General Meeting

Pursuant to the Articles of Association and Greek law, the General Meeting, the supreme corporate body of a Greek *Société Anonyme*, is entitled to decide on any and all of its affairs. Its resolutions are binding on the Board of Directors as well as of all ordinary shareholders, including those absent from the relevant session of the General Meeting and those dissenting. Shareholders are entitled to attend the General Meeting, and vote on resolutions, either in person or through a proxy. The appointment or revocation of proxies and the relevant notification to the Company may take place electronically through email as per the relevant General Meeting invitation.

Any natural or legal person that is indicated as a shareholder at the beginning of the fifth day before the date of the relevant General Meeting (record date) either by the ATHEXCSD (when providing registry services to the company concerned in accordance with the relevant provisions of the ATHEXCSD Rulebook) or the relevant DSS Participant is entitled to attend and vote at the General Meeting.

Greek law requires the board of directors to ensure that a detailed invitation to each General Meeting and all related documents and information—including, among other things, draft proposed resolutions or the board of directors' comments on each agenda item and the total number of Shares and voting rights that exist at the date of the invitation—are available to shareholders at least 20 days in advance. The invitation must include, among other things, information regarding the time and place (unless the General Meeting convenes in full with the participation of the shareholders remotely by electronic means) of the General Meeting, the agenda, instructions on how to participate and exercise voting rights, in person or by proxy, including the proxy voting procedures, the rights of minority shareholders and the Company's website address, where information about the General Meeting required by Greek law is available.

The General Meeting is the only body competent to decide on, among other matters, (i) the extension of Piraeus Holdings' duration, merger (subject to certain exemptions), conversion, revival, demerger or dissolution; (ii) amendments to our Articles of Association (subject to certain exceptions provided in the law); (iii) increases or reductions of our share capital (except for increases authorised by the board of directors according to Greek law and increases imposed by other laws) or the issuance of bonds that are contingent on our profits or convertible bonds (unless the General Meeting has authorised the Board of Directors to approve the issuance of any such bonds); (iv) election of the members of the Board of Directors (except for replacement by the Board of Directors of any members thereof who have resigned, deceased or otherwise ceased to be directors) and statutory auditors; (v) the distribution of annual profits; (vi) the approval of the annual financial statements; (vii) any remunerations and advances thereof to board members, as well as the remuneration policy and relevant report with respect to board members and senior management; (viii) the approval of Piraeus Holdings' management and release of statutory auditors from liability upon approval of the financial statements; and (ix) the appointment of liquidators.

A simple quorum for the General Meeting is met whenever shareholders holding at least 20% of our paid-up share capital are present or represented at the General Meeting. Generally, any action taken by the General Meeting requires a simple majority of the votes cast.

However, certain extraordinary resolutions by the General Meeting require an increased quorum of 50% and majority of two-thirds of the paid-up share capital to be present either in person or by proxy. Such quorum falls to 20% for the repeat session of the General Meeting with the required majority remaining at two-thirds. These extraordinary resolutions include, among other things, (i) increases or reductions of our share capital, subject to certain exemptions; (ii) a change in Piraeus Holdings' jurisdiction of incorporation; (iii) a merger, demerger, conversion, extension of duration, or dissolution; and (iv) changes to Piraeus Holdings' corporate object.

The holders of Ordinary Shares are entitled to receive from Piraeus Holdings the annual financial statements and the relevant reports of the Board of Directors and the statutory auditors ten days before the annual General Meeting. In any case Piraeus Holdings, from the date of the publication of the invitation of the General Meeting until the date of the General Meeting's session, must post on its website, among other things, all the documents that need to be submitted to the General Meeting.

17.6 Greek tax considerations

Introduction

The following is a summary of certain Greek tax considerations that may be relevant to the acquisition, ownership and disposition of our Ordinary Shares. The following summary is based on the provisions of Law 4172/2013, as amended and in force, as well as on the relevant interpretative guidance circulars and decisions by the Independent Authority for Public Revenue. Prospective purchasers of our Ordinary Shares should consult their own tax advisers as to the Greek or other tax consequences arising from the acquisition, ownership and disposition of ordinary shares, having regard to their particular circumstances. The tax laws of the jurisdiction of a prospective investor may also have an impact on the income received from the New Shares. The summary below does not extend to the necessary documentation that a taxpayer may need to file as regards income or other taxes relating to our ordinary shares in order to claim exemption from those taxes. Individuals are assumed not be acting in a business-professional capacity.

Taxation of dividends

Pursuant to the provisions of Law 4172/2013, dividends are subject to withholding tax currently at a rate of 5% (subject to the provisions of applicable double taxation treaties, the Directive 2011/96/EU and the domestic legislation). The double taxation treaty between the United States and Greece does not reduce the 5% withholding tax rate. Such withholding tax discharges the Greek tax liability of the beneficiary, if the beneficiary is either an individual or a legal person or legal entity ("*nomiko prosopo*" or "*nomiki ontotita*") which is neither a tax resident of nor has a permanent establishment in Greece through which the Ordinary Shares are held. For legal persons and legal entities that are Greek tax residents, subject to the application of Directive 2011/96/EU described immediately below, the amount of dividends received is grossed up with the addition of the amount of dividend tax withheld and of the amount of income tax of the payor corresponding to the dividends. The amount derived is calculated as income of the recipient of the dividend. At the same time, the amount of dividend tax withheld over the said dividends and the amount of income tax of the payor corresponding to the dividends is

deducted from the income tax of the recipient of the dividends. If the amount of dividend tax withheld is greater than the income tax of the recipient of the dividends, the difference is returned to the recipient of the dividends.

Dividend payment to an EU legal person or entity may be exempted from the 5% withholding tax if cumulatively all of the following conditions are met: (i) such legal person receiving dividends holds shares or participation interest of at least 10% in value or in number of share capital, profits rights or voting rights of the company which declares and distributes the dividend; (ii) such minimum holding of shares or participation interest is held for at least 24 months (*in lieu* of this condition a bank guarantee equal to the tax amount that would be due in case of no tax exemption may be provided that will expire on the completion date of 24 months' holding of the minimum participation interest); (iii) such legal person receiving dividends should have one of the forms listed in Annex I part A of Directive 2011/96/EU; and (iv) such legal person should be a tax resident of an EU member state according to the legislation of such EU member state and should not be considered a tax resident of a third non-EU country based on the applicable provisions of the double tax treaty signed with such third country, and is subject, without the right of choice or exemption, to one of the taxes referred to in Annex I part B of Directive 2011/96/EU or to any other tax that in the future may replace one of these taxes. Exemption from the corporate income tax may apply to intragroup dividends received by legal persons that are tax residents in Greece, provided that requirements similar to the aforementioned conditions apply.

Dividend payment to a Greek collective investment in transferable securities (the "UCITS"), or an EU or EEA UCITS or Greek Investment Company (AEEX), or Greek real estate investment company (the "REIC") (AEEAII) is exempted from the withholding tax, subject to providing appropriate documentation (Article 46(c) of the Income Tax Code for Greek, EU and EEA UCITS and AEEX, Article 31(2) of Law 2778/1999 for REIC).

Transaction tax

A transaction tax of 0.2% will apply on the sale of shares listed on the ATHEX. Such tax is calculated on the shares' sale price and is borne by the seller, whether the seller is an individual, legal person or entity or association of persons or assets, irrespective of nationality, residence or location of corporate seat and irrespective of whether the seller is subject to any tax or duty exemption pursuant to provisions of other laws. Such tax is applicable both to market and OTC transactions, as well as transactions executed on a multilateral trading facility. The ATHEXCSD charges such tax, daily upon settlement, on the investment firms and credit institutions acting as custodians settling share sale transactions on behalf of the sellers.

Capital gains tax

Capital gains resulting from the transfer of shares listed on the ATHEX will be added to the business income of the transferor if the transferor is either a Greek legal person or a Greek legal entity or a permanent establishment of a foreign legal person or entity in Greece, such business income being taxable with the corporate income tax rate currently of 24% (29% in the case of credit institutions falling within the ambit of Article 27A of Law 4172/2013). If a Greek legal person or entity or a permanent establishment of a foreign legal person or entity in Greece realises business losses within a fiscal year, such losses may be carried forward for the next five years to be offset against future business profits. Foreign legal persons or legal entities that are non-Greek tax residents are exempt from Greek corporate income tax on capital gains, unless they have a permanent establishment in Greece to which the income from the transfer of shares may be attributed.

Capital gains realised by legal persons and legal entities from the transfer of shares is exempted from tax provided that the following conditions are met: (i) the issuer of the shares has one of the legal forms listed in Annex I part A of Directive 2011/96/EU; (ii) the issuer of the shares is a tax resident of an EU member state according to the legislation of such EU member state and is be considered a tax resident of a non-EU country based on the applicable provisions of any double taxation treaty signed with such non-EU country; (iii) the issuer of the shares is subject, without the right of choice or exemption, to one of the taxes referred to in Annex I part B of Directive 2011/96/EU or to any other tax that may replace one of these taxes; (iv) the legal person or legal entity transferring the shares holds shares or participation interest of at least 10% in value or in number of share capital, profits rights or voting rights of the issuer, and (v) such minimum holding of shares or participation interest is held for at least 24 months. The respective income is not taxed at the time of distribution or capitalisation of profits. In case capital gains is realised from participation in another legal entity, as per above, the taxpayer may not deduct the business expenses associated with that participation.

If the capital gains beneficiary from the transfer of shares listed on the ATHEX is an individual, Greek tax resident, holding at least 0.5% interest in the share capital of the issuer of such shares and the shares transferred

were acquired after 1 January 2009, such beneficiary will be subject to capital gains tax at the rate of 15%. Capital gains from transfer of shares listed on the ATHEX of individuals, Greek tax residents, holding less than 0.5% of the share capital of the issuer are exempt from Greek capital gains income tax. If losses result from the transfer of listed shares, according to the relevant provisions regarding the calculation and the taxation of capital gains, individuals can set off those losses against capital gains from listed shares and, regarding losses from holdings representing more than 0.5% of the share capital of the issuer, carry forward such losses for the next five years to be offset against future capital gains resulting from the transfer of the assets specified in the law such as securities and derivatives. If the capital gains beneficiary is an individual who is tax resident in a jurisdiction with which Greece has entered into a treaty for the avoidance of double taxation, including the treaty entered into between the United States and Greece, such beneficiary will be exempted from Greek income tax in respect of such capital gains, provided that the beneficiary will submit to the tax authorities (or the custodian) the documents evidencing the beneficiary's tax residence (tax residence certificate according to the relevant double tax treaty). If the capital gains beneficiary is an individual who is tax resident of a country with which Greece has not entered into a double taxation treaty, but is not characterised as a non-cooperative country, holding at least 0.5% interest in the share capital of the issuer of such shares, then tax is imposed at a rate of 15% on the capital gain. In this case, the individual will be required to submit an annual income tax return to the competent Greek tax authorities (and will need to obtain a Greek tax ID number). A 15% tax on the capital gain will also apply if the seller is an individual who is tax resident in a country with which Greece has not entered into a double taxation treaty, but it is characterised as a "non-cooperative country" (*i.e.* a non-EU member state that has not signed a treaty for administrative assistance in tax matters with Greece and has not signed such a treaty with at least 12 other states). However, in this situation, the individual will be required to submit an income tax return to the competent Greek tax authorities (and will need to obtain a Greek tax ID number) and pay the entire tax due in advance (*i.e.* prior to the said transfer).

For the calculation of the capital gains tax, the difference between the actual sale price and the price paid for the acquisition of the shares by the seller is taken into account (expenses directly linked to the acquisition or sale of the shares are added to the acquisition price and deducted from the sale price). Such difference is determined by reference to the table issued by the investment firm/credit institution or any other body involved in the transaction.

Special solidarity levy

Individuals who are Greek tax residents and individuals who are non-Greek tax residents, whose global income and Greek income, respectively, including dividends and capital gains from the sale of our Ordinary Shares, exceeds €12,000, are subject to a special solidarity levy. The rate of the solidarity contribution rises progressively from 2.2% to 10% and is calculated with reference to both taxable and tax-exempt annual income (with specific exceptions) in Greece exceeding €12,000. A non-Greek tax resident may be exempted from or receive credit for such levy under the provisions of any applicable double taxation treaty.

Inheritance and gift taxes for ATHEX listed shares

According to the provisions of Articles 12, 29 and 44 of the Greek Code of Inheritance, Gift, Parental Donation and Gambling Tax (Law 2961/2001), where shares listed on the ATHEX are transferred on the basis of inheritance, gift, or parental donation, the market value of these shares as of the day preceding the date when the tax obligation becomes due, is subject to tax on a progressive system (tax scale) which depends on the degree of the relationship between the parties in accordance with Article 29 of such Code. Such tax is also levied on persons who are not Greek tax residents, subject to any exemption under the provisions of a limited number of applicable tax treaties for the avoidance of double inheritance taxation and under the condition of reciprocity.

Share lending tax

Pursuant to the provisions of Article 4, paragraph 4 of Law 4038/2012, a 0.2% tax is applicable on the OTC lending of listed shares, such transactions, including the respective agreement or other relevant act, being exempt from stamp duty. The tax is borne by the lender (whether the lender is an individual or association of persons or assets or legal person or legal entity and whether the lender is a Greek tax resident or not) and is calculated on the value of lent shares.

18. TERMS AND CONDITIONS OF THE SHARE CAPITAL INCREASE AND PUBLIC OFFERING

18.1 Share Capital Increase and the Public Offering

Resolutions of the General Meeting held on 7 April 2021

As prior corporate actions to give effect to the Share Capital Increase through the Combined Offering, our General Meeting held on 7 April 2021 made, *inter alia*, the following resolutions:

(a) It authorised our Board of Directors to:

(i) resolve on the increase of our share capital by up to €14,959,064,952, with the issuance of new ordinary registered shares, in accordance with Article 24, paragraph 1 of Law 4548/2018; and

(ii) determine the specific terms and timetable of the increase of our share capital in accordance with the applicable provisions of Law 4548/2018, including, indicatively, the structure of such share capital increase, the manner and process for the offering of New Shares and the offering price thereof, the power to disapply or restrict the pre-emptive right of our existing shareholders, in accordance with Article 27, paragraph 4 of Law 4548/2018, the categories of investors eligible to participate in the offering of the new shares issuable pursuant to such share capital increase, the criteria based on which such new shares will be allocated to various categories of investors in Greece and/or abroad, the entering into the necessary agreements with foreign and/or domestic banks and other investment firms, and, in general, to proceed with any necessary, required or expedient act, action or legal act for the implementation of such as share capital increase, including to amend our Articles of Association. The authority to approve the increase of our share capital so given to our Board of Directors may be exercised either once or in part to pursuant to several transactions, and is valid for three years.

(b) It approved the Reverse Split, namely the increase of the par value of our Ordinary Shares from €6.00 to €99.00 per share combined with the concurrent (i) reduction of the total number of such shares from 831,059,164 to 50,367,223 corresponding to a ratio of 16.5 existing Ordinary Shares for 1 new Ordinary Share; and (ii) the increase of our share capital by €93.00, through the capitalisation of an equal amount from our “share premium” reserve for the purposes of issuing whole number of shares.

In connection with the Reverse Split, no fractional shares will be issued and if fractional rights arise as a result, Piraeus Holdings will sell such rights in the market and remit the relevant proceeds to the shareholders entitled thereto.

(c) It approved:

(i) the reduction of our share capital by €4,935,987,854.00 by decreasing the par value of our Ordinary Shares by €99.00 to €1.00 per share, without changing the total number of our Ordinary Shares following the Reverse Split referred to in (b) above; and

(ii) that Piraeus Holdings applies such €4,935,987,854.00 for the purpose of creating a special reserve, to be used as permitted under Article 31, paragraph 2 of Law 4548/2018, that is to either capitalise such reserve or use the relevant funds to offset losses.

As a result of the corporate actions referred to in (b) and (c) above, prior to the Share Capital Increase, the share capital of Piraeus Holdings amounts to €50,367,223.00 divided into 50,367,223 Ordinary Shares, each having a par value of €1.00.

Resolutions of the Board of Directors held on 16 April 2021

By virtue of the authority given to it pursuant to the resolution of the General Meeting held on 7 April 2021, our Board of Directors approved, among other matters, the following at its session held on 16 April 2021:

1. The Share Capital Increase, namely the increase of the share capital of Piraeus Holdings by €1,200,000,000, through payment in cash, the disapplication of the preemption rights of its existing shareholders and the issuance of the New Shares, namely up to 1,200,000,000 new ordinary registered shares, each having a par value of €1.00. The final number of the New Shares will be equal to the quotient of the final nominal amount of the Share Capital Increase divided by their par value of €1.00 per share. No fractions of New Shares will be issued.
2. The Price Range, namely a minimum of €1.00 and a maximum of €1.15 per New Share.

3. That the offering price for the New Shares within the Price Range will be determined by the Board of Directors, after the closing of the book building period for the Institutional Offering in agreement between Piraeus Holdings and the Joint Global Coordinators, and it will be identical in the Combined Offering.
4. That the difference between the par value and the final offering price for the New Shares (if any), will be credited to the own funds account of Piraeus Holdings under the caption “issuance of shares above par”.
5. That the deadline for paying the funds in respect of the Share Capital Increase shall not exceed four months from the date of the above decision of our Board of Directors, in accordance with Article 20, paragraph 2 and Article 25, paragraph 2 of Law 4548/2018.
6. That the New Shares will be offered:
 - (a) in Greece, to Retail Investors and Qualified Investors pursuant to the Public Offering; and
 - (b) outside Greece, pursuant to the Institutional Offering, namely pursuant to a private placement bookbuilding process, which is not a public offer in the meaning of the Prospectus Regulation, (i) to investors (including the HFSF) in member states of the EEA and the UK who are “professional clients” and other “eligible counterparties”, each as defined in Directive 2014/65/EU, as amended, and the applicable regulations of the UK, and (ii) to eligible investors outside the United States in an offshore transaction in reliance on Regulation S, and within the United States only to “qualified institutional buyers”, as defined in Rule 144A under the U.S. Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements of such act.
7. That the Public Offering period shall be three business days.
8. The procedure for subscribing for New Shares in the Public Offering, as further described below under “—*Procedure for the Public Offering of the New Shares*”.
9. The rules for allocating New Shares subscribed for by Retail Investors and Qualified Investors, as further described below under “—*Allocation*”.
10. That if the Share Capital Increase is not fully subscribed for, the share capital of Piraeus Holdings will increase up to the amount actually raised, in accordance with Article 28 of Law 4548/2018.
11. The admission of the New Shares to trading on the ATHEX.

General information on the Share Capital Increase

In a letter addressed to the Issuer, the HFSF expressed full support for the Share Capital Increase and communicated its decision to subscribe for the acquisition of such number of New Shares in the Institutional Offering that will result, following the completion of the Share Capital Increase, in the HFSF holding between a minimum of 27.0% and a maximum of 33.0% of the total number of ordinary voting shares of the Issuer, including those with restricted voting rights.

In establishing the allocation of New Shares to the HFSF as set out above, the Issuer will take into account, in consultation with the Joint Global Coordinators, among other criteria, the size of the total demand from private investors, the issue price, and other qualitative criteria, it being understood that the percentage of the total number of ordinary voting shares of the Issuer owned by the HFSF (including those with restricted voting rights) will be at least 27.0%.

The Cornerstone Investors have agreed to acquire as cornerstone investors, pursuant to the terms of the Institutional Offering and subject to customary terms and conditions of a firm “cornerstone” commitment of this nature, and Piraeus Holdings has agreed to allocate to the Cornerstone Investors, New Shares at the offer price of the Combined Offering for a total investment amount per each Cornerstone Investor as follows: Paulson & Co. Inc.: €265,000,000; Helikon Investment Limited: €75,000,000; Aristotelis Mistakidis: €40,000,000. The Cornerstone Investors have agreed to a 90-day lock-up restriction on customary terms.

Holders of New Shares at the relevant record date would be entitled to the right to receive dividend from Piraeus Holdings’ profits for the financial year 2021 onwards, to the extent that such distribution is permitted and approved (please see “*Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits, and Losses—Dividends and dividend policy*”).

Piraeus Holdings declares that it has complied with all legal procedures regulating the convening and conduct of the extraordinary general meeting of 7 April 2021, which, *inter alia*, approved the Share Capital Increase and undertakes to comply with the legal procedures applicable to its Share Capital Increase, and that for any additional relevant information Piraeus Holdings will inform the investors, the HCMC and the ATHEX.

According to the decision No. 26/17.07.2008 of the Board of Directors of the ATHEX, as in force, the price of the existing Ordinary Shares will not be adjusted as a result of the Share Capital Increase with the disapplication of the preemption rights of its existing shareholders.

General Information on the Share Capital Increase

Number of existing shares (after the Reverse Split)	50,367,223	Ordinary Shares
Issue of New Shares with disapplication of the preemption rights of the existing shareholders	1,200,000,000	Ordinary Shares
Total number of Ordinary Shares after the Share Capital Increase	1,250,367,223	Ordinary Shares
Nominal value per Ordinary Share	€1.00	
Price Range	€1.00 — €1.15	
Proceeds raised through the Share Capital Increase	Up to €1,380,000,000	

18.2 Procedure for the Public Offering of the New Shares

General remarks on the offering of the New Shares through the Public Offering

The Public Offering in Greece is addressed to both Retail Investors and Qualified Investors.

The participation in the Public Offering by the same natural or legal person simultaneously under the capacity of both Retail Investor and Qualified Investor, is prohibited. If an investor subscribes in the Public Offering both as a Qualified Investor and a Retail Investor, such investor shall be treated as a Retail Investor, with the exception of subscriptions submitted through DSS Participants for the same omnibus securities' depository accounts in both categories of investors.

Investors' attention is drawn to the subscription application for New Shares, which must include the number of the Investor Share, the Securities Account and the code number of the DSS Participant, and if any of these numbers is erroneous, the investor shall be excluded from the allocation of New Shares.

Investors in the Public Offering shall subscribe for New Shares at the maximum price of the Price Range. The value of the investors' participation in the Public Offering will be equal to the product of the number of the subscribed New Shares multiplied by the maximum price of the Price Range.

Each investor may subscribe for at least one New Share and for integral multiples thereof, at the maximum price of the Price Range. The highest limit for subscription per investor is the total number of the New Shares offered in the Combined Offering, that is up to 1,200,000,000 New Shares, multiplied by the maximum price of the Price Range.

Upon completion of the Public Offering, all subscriptions for New Shares as in force at that moment shall be considered final.

If, following the end of the Public Offering, more than one subscriptions made by or on behalf of the same natural or legal person are detected based on the DSS data or Piraeus Bank detects multiple subscriptions, all such subscriptions shall be consolidated and treated as a single subscription.

Investors subscribing for New Shares shall bear no costs and taxes for the registration of the New Shares allocated to them with their Investor Share and Securities Account.

The Public Offering and the subscription of the interested investors shall last three business days.

Investors shall be informed of the commencement and expiry date of the Public Offering, as well as of any other details about the aforementioned procedure through the publication of the respective announcement-invitation addressed to investors, in accordance with the Prospectus Regulation and Delegated Regulation (EU) 979/2019.

It is noted that, following the certification by the Board of Directors of Piraeus Holdings that the funds in respect of the Share Capital Increase have been paid in full and registration thereof with the General Commercial Registry, the revocation of the Share Capital Increase shall be no longer possible for any reason.

The New Shares will be delivered to the investors entitled thereto in dematerialised form by registration thereof with their Investor Share and Securities Account held in the DSS which will have been provided by such investors.

Procedure for the offering of the New Shares through the Public Offering to Retail Investors

Retail Investors may subscribe for New Shares in the Public Offering from the first until 16:00 Greek time, of the last day of the Public Offering period, by submitting a relevant subscription application during normal business days and hours through the branches of Piraeus Bank S.A., Euroxx Securities S.A. as well as through their DSS Participants (investment firms or banks' custody).

Retail Investors who subscribe for New Shares through Piraeus Bank's branches will be required to present their identification card or passport, their tax registration number and a print-out of their DSS data setting out their Investor Share and Securities Account. If Retail Investors do not already hold a deposits account with Piraeus Bank, they will also be required to furnish a copy of their most recent tax clearing statement (in Greek "εκκαθαριστικό").

The subscription applications of the interested Retail Investors shall be acceptable, provided that an amount equal to their total subscription has been deposited to the SCI Account, or, an amount equal to such subscription has been blocked at any of their deposits accounts held with Piraeus Bank of which they are beneficiaries or co-beneficiaries.

The subscription applications of the Retail Investors shall be acceptable only if the interested investors are the beneficiaries or co-beneficiaries of the accounts from which they subscribe.

According to the HCMC's Circular No. 32/28.06.2007, every Retail Investor who is a natural person may subscribe to the Public Offering either through his own individual Investor Share or through one or more Joint Investor Shares (the "JIS") in which he/she participates as a co-beneficiary. Piraeus Bank shall inspect all applications so that each investor-beneficiary of an individual Securities Account, as well as each co-beneficiary of a JIS receives New Shares in only one DSS account (either an individual account or a JIS). Should there be detected more than one subscription applications from a single investor for delivery of the New Shares subscribed for to either an individual account and a JIS or to more than one JIS in which the investor participates as a co-beneficiary, then the total amount of all these subscriptions shall be considered as a single subscription of the investor.

Following the finalisation of the number of New Shares that each Retail Investor is entitled to receive through the Public Offering as well as the offering price, any excess amount paid shall be returned to the beneficiary through the same branch of Piraeus Bank to which the subscription application was submitted or, as the case may be, any excess amounts of deposit shall be unblocked and, in case of participations in the Public Offering through the blocking of a deposits account held with Piraeus Bank as per the above, the respective account shall be simultaneously charged with an amount equal to the value of the New Shares which were allocated to the investor. Blocked amounts of deposits are subject to the terms of the initial deposit (term, interest etc.) until unblocking, whereas any excess amount paid shall be returned with no interest.

Procedure for the offering of the New Shares through the Public Offering to Qualified Investors

Qualified Investors may subscribe for New Shares in the Public Offering from the first until 16:00 Greek time, of the last day of the Public Offering period by submitting a relevant subscription application exclusively through their DDS Participants (investment firms or banks' custody).

The subscription applications of the interested Qualified Investors shall be acceptable provided that an amount equal to their requested participation has been deposited to the SCI Account.

During the Public Offering period, Qualified Investors shall be entitled to amend their subscriptions and each subscription shall be deemed to cancel the preceding ones.

On the last day of the Public Offering period, all subscription in force at that time shall be considered final.

Following the finalisation of the number of the New Shares that each Qualified Investor is entitled to acquire through the Public Offering, any excess amount paid in cash shall be returned to the relevant beneficiary with no interest.

18.3 Allocation

General Information

Allocation of the New Shares being offered in the Combined Offering has been initially split between the Public Offering and the Institutional Offering as follows: (i) a minimum of 15% corresponding to 180,000,000 of the New Shares will be allocated to investors subscribed in the Public Offering and (ii) a minimum of 85% corresponding to 1,020,000,000 of the New Shares will be allocated to investors subscribed in the Institutional Offering. Any allocation of New Shares to the HFSF will be made pursuant to the Institutional Offering. The Board of Directors of Piraeus Holdings has the right to change this allocation split at its discretion, based on the demand expressed in each part of the Combined Offering, save that any such amended allocation of New Shares between the Institutional Offering and the Public Offering may neither affect the HFSF's allocation nor cause the Public Offering to receive a portion of New Shares lower than the minimum of 15% set out above, if the demand expressed by investors subscribing in the Public Offering is at least equal to such minimum.

New Shares initially allocated to, but not subscribed for, in the Institutional Offering, may be reallocated to investors subscribed for in the Public Offering, as long as orders submitted in the Public Offering exceed the above initial allocation and support this reallocation.

New Shares allocated to, but not subscribed for in, the Public Offering may be reallocated to investors subscribed for in the Institutional Offering, as long as orders submitted in the Institutional Offering exceed the above initial allocation and support this reallocation.

Allocation of New Shares to investors subscribed for in the Institutional Offering will be made at the discretion of the Board of Directors of Piraeus Holdings. The allocation of New Shares to the HFSF will be made pursuant to the Institutional Offering and in accordance with the allocation criteria as they will be agreed.

Without prejudice to the allocation principles disclosed elsewhere in this Prospectus, Piraeus Holdings reserves the right to reject subscriptions for New Shares in all cases where Piraeus Holdings believes, in its absolute discretion, that subscriptions for New Shares may have been financed (through loans, credits, guarantees or other means of financing), directly or indirectly, by or with the assistance of Piraeus Holdings or any of its subsidiaries.

Allocation of New Shares in the Public Offering—Preferential Allocation

Of the total number of New Shares initially allocated in the Public Offering, the number of New Shares that will be allocated to Retail Investors and Qualified Investors will be determined at the end of the Public Offering, having regard to the demand expressed by such investors.

Retail Investors and Qualified Investors who are registered shareholders of Piraeus Holdings in accordance with its shareholders' register electronically kept through the ATHEXCSD upon commencement of trading of its Ordinary Shares after the Reverse Split on 19 April 2021 and subscribe for in the Public Offering (the "Priority Investors"), will be entitled to a priority allocation of the New Shares allocated in the Public Offering, which will be proportionate to the shareholding participation of a Priority Investor in Piraeus Holdings ("Preferential Allocation"). However, Priority Investors that subscribed in both the Public Offering and the Institutional Offering, as the case may, will be deprived of their Preferential Allocation.

If a Priority Investor subscribes for New Shares in excess of such investor's shareholding percentile participation in Piraeus Holdings, as described above (over-subscription), only the portion corresponding to such percentile participation of such Priority Investor in Piraeus Holdings will be subject to the Preferential Allocation.

Following the Preferential Allocation described above, subscriptions for New Shares made by Priority Investors that have not been satisfied, will be added to the subscriptions made by new subscribing investors and will be satisfied proportionately, to the extent unsubscribed New Shares are still available.

If subscriptions for New Shares made by Retail Investors or Qualified Investors are higher than the total number of New Shares allocated to them, such subscriptions will be satisfied *pro rata*.

After the above calculation, the number of New Shares that will be allocated to each investor will be rounded down to the nearest integer number of shares. If, as a result of such rounding per investor, New Shares remain unallocated, one additional New Share will be allocated to the investors, having, per investor, the highest unsatisfied fractional shares.

If the Public Offering is subscribed for in part, Retail Investors and Qualified Investors will be allocated all (100%) New Shares subscribed for by them.

Allocation of New Shares in the Public Offering will not be dependent upon the manner or the financials intermediary subscription applications have been submitted.

Delivery of New Shares will be completed through the final registration thereof with the Investor Share and Securities Account of the Retail Investors and Qualified Investors entitled thereto. Such registration will be made following completion of the relevant processes and the exact date thereof will be publicly announced by Piraeus Holdings through the ATHEX at least one business day prior to the commencement of trading of the New Shares on the ATHEX.

18.4 Withdrawal right

If a supplement to this Prospectus is published in accordance with Article 23 of the Prospectus Regulation, investors who subscribed for New Shares will have the right to withdraw their subscription made prior to the publication of the supplement within the time period set forth in the supplement (which shall not be shorter than three business days after the publication of the supplement).

18.5 Underwriting

Piraeus Bank Société Anonyme (4 Amerikis Street, GR 106 64 Athens) and Euroxx Securities S.A. (7 Palaologou str., GR 152 32 Chalandri) act as Lead Underwriters in connection with the Public Offering. However, the Lead Underwriters assume no liability if the Public Offering is aborted or the New Shares are not so admitted to trading, in each case whether due to a cause attributable to Piraeus Holdings or otherwise.

Piraeus Holdings will pay a fee to the Lead Underwriters in consideration for the Underwriters services amounting to approximately €2 million.

All costs and expenses for the provision of the Lead Underwriters' services are included in the overall costs and expenses relevant to the Share Capital Increase and will be paid out of the net proceeds of the Combined Offering.

The Lead Underwriters have undertaken to distribute and place the New Shares in the Public Offering without a firm commitment. All matters relevant to the underwriting services and process are set forth in an underwriting agreement to be entered into on or about 20 April 2021 between Piraeus Holdings and the Lead Underwriters (the "Underwriting Agreement").

If not all of the New Shares allocated in the Public Offering are subscribed for by investors, the Lead Underwriters are not required to subscribe and pay for any unsubscribed New Shares, as the Lead Underwriters have undertaken only to distribute and place New Shares to investors in Greece.

The Lead Underwriters will not perform transactions to stabilise the market price of the New Shares following the commencement of trading thereof on the ATHEX.

Information on the Underwriting Agreement

Under the Underwriting Agreement, the Lead Underwriters have also undertaken to ensure the due and timely payment of the offering price for the New Shares allocated to investors in the Public Offering. The Lead Underwriters are fully and solely responsible to secure that investors subscribing for New Shares in the Public Offering through either the Lead Underwriters or other financial intermediaries, have actually paid the funds in connection with their subscriptions.

The Lead Underwriters are entitled to terminate the Underwriting Agreement upon the occurrence of certain events, including, indicatively, the following and in accordance with the specific terms of such agreement:

- (a) If the Issuer becomes bankrupt or otherwise insolvent, or if resolution, insolvency, rehabilitation or other similar proceedings have commenced against the Issuer.
- (b) If transactions in securities on the ATHEX or the international capital markets are suspended or ceased.

- (c) If there occur economic or other events in Greece or internationally adversely affecting the Issuer and/or the success of the Public Offering, such as, without limitation, adverse financial, political or other developments in Greece or internationally or the international capital markets, or changes or prospective changes to the Greek or international political or financial conditions, strikes or disruption of banking activities, or adverse changes affecting the Issuer and its financial condition in particular, or other events which, in the reasonable opinion of the Lead Underwriters, may have a material adverse effect on the success of the Public Offering and/or the trading of the New Shares on the ATHEX upon commencement thereof.
- (d) If certain force majeure events occur, as those are defined in the Underwriting Agreement, consisting of events which could not be predicted and fall outside the control of the Lead Underwriters, including natural disasters, calamities, acts of terrorism, an outbreak or escalation of hostilities, pandemic or a state of emergency in Greece or internationally. If any of these force majeure events occurs, the rights and obligations of the parties under the Underwriting Agreement will be deemed suspended for as long as any such event persists. If a force majeure event occurs prior to or after the commencement of the Public Offering, the Lead Underwriters may terminate the Underwriting Agreement without prior notice and with no liability.
- (e) If the Issuer breaches any of its obligations, undertakings or statements under the Underwriting Agreement, or if any of its statements included in this Prospectus proves to be false, inaccurate or misleading.
- (f) If the admission of the New Shares to trading on the ATHEX is not approved or the Public Offering is aborted for any reason whatsoever.
- (g) If, after the publication of a supplement to this Prospectus, withdrawal rights in respect of a material number of New Shares have been exercised by investors, which, in the reasonable opinion of the Lead Underwriters, may not ensure the orderly trading of the New Shares on the ATHEX.

19. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

The existing Ordinary Shares are traded, and application shall be made for the New Shares to be admitted to trading, on the Main Market of the Regulated Securities Markets of the ATHEX under the symbol “TPEIR”.

The date for the commencement of trading of the New Shares will be determined by Piraeus Holdings and publicly announced at its website and the website of the ATHEX. Dealings on the New Shares will be made electronically through the trading system of the ATHEX and over-the-counter, if so permitted by the applicable provisions of the law and the rules of the ATHEX.

Registration of the New Shares in book-entry form with the DSS and the keeping of the electronic record for all Ordinary Shares, including the New Shares, is made by the ATHXCSD, as administrator of the DSS, in accordance with the DSS Regulation and the enabling decisions of the DSS, as in force from time to time. Clearing of market transactions in Ordinary Shares, including the New Shares, will be made by the ATHEXClear in accordance with the regulation on clearing of transferable securities in book-entry form.

Set out below is the expected indicative timetable for the Public Offering and the admission of the New Shares to trading on the ATHEX:

Date	Event
7 April 2021	General Meeting resolution on (i) authorisation to the Board of Directors to approve the Share Capital Increase; (ii) the approval of the Reverse Split; and (c) the approval of the Share Capital Decrease.
9 April 2021	ATHEX approval for the listing of the Ordinary Shares after the Reverse Split.
9 April 2021	Announcement on the ATHEX for the listing of the Ordinary Shares following the Reverse Split.
13 April 2021	Last day of trading of the existing Ordinary Shares before the Reverse Split and the Share Capital Decrease.
14 April 2021	Cut-off date for the temporary suspension of trading of the existing Ordinary Shares.
15 April 2021	Record date (regarding the Reverse Split and the Share Capital Decrease).
16 April 2021	Credit of the Ordinary Shares from Reverse Split to DSS accounts with the nominal value following the Share Capital Decrease.
16 April 2021	Approval of the Share Capital Increase by the Issuer’s Board of Directors—Announcement of the Price Range.
19 April 2021	Commencement of trading of the Ordinary Shares following the Reverse Split and the Share Capital Decrease.
20 April 2021	HCMC approval of the Prospectus.
20 April 2021	Publication of the Prospectus on the Issuer’s, Lead Underwriters’, HCMC’s and ATHEX’s website.
20 April 2021	Publication of announcement regarding the availability of the Prospectus in the Daily Statistical Bulletin of the ATHEX and on the Issuer’s website.
20 April 2021	Publication of the announcement for the invitation of the investors and the commencement of the Public Offering.
21 April 2021	Commencement of the Public Offering.
23 April 2021	End of the Public Offering.
23 April 2021	Publication of the announcement regarding the final offering price in the Daily Statistical Bulletin of the ATHEX and on the Issuer’s website.
29 April 2021	Publication of a detailed announcement concerning the outcome of the Public Offering in the Daily Statistical Bulletin of the ATHEX and on the Issuer’s website.
5 May 2021	ATHEX approval regarding the admission of the New Shares to trading.*
5 May 2021	Publication of the announcement stating the trading commencement date of the New Shares in the Daily Statistical Bulletin of the ATHEX and on the Issuer’s website.
7 May 2021	Commencement of trading of the New Shares.

Investors should note that the above timetable is indicative and subject to change, in which case Piraeus Holdings will duly and timely inform the investors pursuant to a public announcement.

** Subject to the competent ATHEX committee meeting on that date.*

The admission of the New Shares to trading is subject to ATHEX approval which is given following the submission of the required supporting documentation and inspection thereof by the ATHEX.

20. EXPENSE OF THE ISSUE/OFFER

The total net proceeds and the total expense of the Share Capital Increase through the Combined Offering are estimated as follows:

Description of Estimated Total Net Proceeds and Total Expenses ⁽¹⁾	Amount in € millions
Legal fees	4
Fees of the statutory auditors	1
Financial advisers' fees	61
Lead Underwriters' fees	2
ATHEX and ATHEXCSD rights	1
HCMC's fees	0
HCC's fees	1
Capital raise tax	12
Other expenses	1
Total Expenses	83
Gross Proceeds	1,380
Net Proceeds	1,297

(1) Amounts have been calculated at the maximum price of the Price Range.

No costs will be charged to investors by Piraeus Holdings.

The amounts presented in the table above constitute estimates.

21. DILUTION

The table below sets out Piraeus Holdings' shareholding structure on commencement of trading of its Ordinary Shares on 19 April after the Reverse Split and before the Share Capital Increase:

<u>Shareholders⁽¹⁾</u>	<u>Number of shares⁽²⁾</u>	<u>% percentage</u>
HFSF	30,895,478	61.34%
Paulson & Co. Inc. ⁽³⁾	2,324,137	4.61%
Aristotelis Mistakidis ⁽⁴⁾	1,528,524	3.04%
Other Shareholders < 5%	15,619,084	31.01%
Total	50,367,223	100.00%

- (1) Refers to shareholders' register after the Reverse Split on commencement of trading on 19 April 2021 (15 April 2021 as record date).
- (2) One Ordinary Share corresponds to one voting right.
- (3) Based on relevant notification received on 20 January 2021 pursuant to Law 3556/2007 following the conversion of the Contingent Convertible Bonds.
- (4) Based on relevant notification received on 19 January 2021 pursuant to Law 3556/2007 following the conversion of the Contingent Convertible Bonds.

The table below sets out Piraeus Holdings' shareholding structure after the Share Capital Increase, taking into account the statements made by the HFSF and the Cornerstone Investors and assuming that for the Cornerstone Investors the final offering price for the New Shares will be the maximum price of the Price Range:

<u>Shareholders⁽¹⁾</u>	<u>Number of shares⁽⁴⁾</u>	<u>% percentage</u>
HFSF ⁽²⁾	337,599,151	27.00%
Pre-Share Capital Increase Shareholders (excluding Cornerstone Investors)	15,619,084	1.25%
Paulson & Co. Inc.	232,758,919	18.62%
Helikon Investment Limited	65,217,391	5.22%
Aristotelis Mistakidis	36,311,132	2.90%
Other Share Capital Increase Shareholders ⁽³⁾	562,861,546	45.02%
Total	1,250,367,223	100.00%

- (1) Refers to shareholders' register on commencement of trading on 19 April 2021 (15 April 2021 as record date).
- (2) Assuming participation of 25.60% of the HFSF in the Combined Offering.
- (3) Refers to investors that will participate in the Combined Offering (including Priority Investors and excluding Cornerstone Investors).
- (4) One Ordinary Share corresponds to one voting right.

<u>Shareholders⁽¹⁾</u>	<u>Number of shares⁽⁴⁾</u>	<u>% percentage</u>
HFSF ⁽²⁾	412,621,183	33.00%
Pre-Share Capital Increase Shareholders (excluding Cornerstone Investors)	15,619,084	1.25%
Paulson & Co. Inc.	232,758,919	18.62%
Helikon Investment Limited	65,217,391	5.22%
Aristotelis Mistakidis	36,311,132	2.90%
Other Share Capital Increase Shareholders ⁽³⁾	487,839,514	39.02%
Total	1,250,367,223	100.00%

- (1) Refers to shareholders' register on commencement of trading on 19 April 2021 (15 April 2021 as record date).
- (2) Assuming participation of 31.80% of the HFSF in the Combined Offering.
- (3) Refers to investors that will participate in the Combined Offering (including Priority Investors and excluding Cornerstone Investors).
- (4) One Ordinary Share corresponds to one voting right.

21.1 Net asset value per share

As at 31 December 2020, the net asset value per share amounted to €16.1 (without taking into account any subsequent corporate actions and adjustments). After the Share Capital Increase, the net asset value per share will stand between €6.5 (assuming that the final offering price for the New Shares will be the minimum price of the Price Range) and €6.7 (assuming that the final offering price for the New Shares will be the maximum price of the Price Range). Net asset value per share is calculated as the Group's total equity attributable to equity holders as at 31 December 2020 (excluding the total expense of the Share Capital Increase and other expenses related with the conversion of the Contingent Convertible Bonds) divided by the total number of shares.

22. PROFIT FORECASTS

This Prospectus includes certain information relating to our short and medium-term targets for financial performance assuming the successful and timely execution of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan. These targets are deemed to be profit forecasts for purposes of the Prospectus Regulation. These forecasts represent our targets for short and medium-term financial performance. The execution of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan, and the achievement of the targets represented by these profit forecasts, are subject to significant risks and uncertainties. See “*Risk Factors—Risks relating to our business—We may not be able to execute our Capital Enhancement Plan, of which the Share Capital Increase through the Combined Offering constitutes an integral part, on a timely basis, if at all, and this might have an adverse impact on the execution of our NPE Reduction Plan and the implementation of our Transformation Plan*”, “*—We may not be able to execute our NPE Reduction Plan on a timely basis, or in its entirety, which may materially impact our business, financial condition, capital adequacy or results of operations*”, “*Risk Factors—Risks relating to the Hellenic Republic and the global macro-economic environment—Adverse developments in the global economic activity and the effects of the COVID-19 pandemic on the Greek economy have had, and are likely to continue to have, material and adverse effects on our business, results of operations and financial condition*”, “*Risk Factors—Risks relating to our business—We may have to bear additional costs in regard to staff costs*”, “*Risk Factors—Risks relating to the Hellenic Republic and the global macro-economic environment*”.

22.1 Management targets

We have established management targets for short and medium-term financial performance, all of which assume the successful and timely execution of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan. In particular, we target to achieve an approximately 5% return on average tangible equity in the short term and an approximately 10% return on average tangible equity in the medium term, as well as to significantly de-risk our balance sheet, leading to an NPE ratio of less than 10% in the short term and less than 3% in the medium term.

Based on the assumptions set forth below (including, in particular, the successful and timely execution of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan), we target to achieve pre-provision income of approximately €0.9 billion in the short term and approximately €1.1 billion in the medium term, representing an approximate €150 million increase or 15% compared to the level of PPI in 2020 adjusting the latter for the €0.15 billion one-off staff restructuring costs, as well as profit before tax of approximately €0.4 billion in the short term and approximately €0.8 billion in the medium term, as compared to a €0.5 billion loss before tax in 2020. By executing our Transformation Plan, we aim to reduce operating costs by €120 million in the medium term, increase our focus on revenue generating activities, and enhance productivity by growing volumes and core revenues per full-time equivalent employee. Upon the successful completion of these initiatives, we aim to increase our pre-provision profit to approximately €1.1 billion per annum, representing an approximate 15% increase compared to current levels and our net interest income to €1.3 billion per annum in the medium term. Through the implementation of the Transformation Plan, we also aim to increase our PPI by €150 million, up to a target of €1.1 billion per annum in the medium term.

In the preparation of these profit forecasts, we have carefully considered factors that we deem relevant, including, without limitation, the following:

- (i) **Our past results:** we have reviewed detailed analyses of our current and historical financial performance and operating results, with due consideration given to our historical operating experience and anticipated changes in our operations in light of pending strategic initiatives and an evolving market. We have prepared our short and medium-term financial targets by using our 2020 financial results as a starting point, and then adjusting based upon our business plans (including our Sunrise strategic plan for Piraeus Bank, approved by our Board of Directors on 16 March 2021), key strategic initiatives and certain assumptions, including those set forth below.
- (ii) **Market analysis and our market share and market position in Greece:** our financial targets are based upon our analysis of, and certain assumptions relating to, developments in the Greek economy, key market segments that we service and the banking industry generally, including anticipated economic growth, the impact of the EU Recovery and Resilience Facility programme, trends relating to residential and commercial property prices, a continued low interest rate environment, anticipated net expansions of credit in the business and retail segments and anticipated NPE developments. We believe these developments and considerations are particularly relevant to our business given our market share and market position in Greece, and the relevance to these developments to our results.

- (iii) ***Our strategic evolution:*** in March 2021, we introduced our Sunrise Plan for Piraeus Bank, which includes three new strategic initiatives, our NPE Reduction Plan, Capital Enhancement Plan and Transformation Plan, which are intended to drive the fundamental transformation of our business and operations. As further described below, these strategic initiatives are anticipated to transform our business and affect our financial results going forward, and, accordingly, we factored in the anticipated impact of these initiatives in preparing our financial targets.
- (a) The NPE Reduction Plan involves a series of NPE securitisations and NPE portfolio sales designed to reduce our NPE exposure by €19 billion and enable the Bank to achieve a single-digit NPE ratio in the next 12 months, while targeting an NPE ratio of less than 3% in the medium term. Upon the successful completion of the NPE Reduction Plan, together with the Capital Enhancement Plan (as described below), we expect to have significantly decreased our exposure to NPE, while maintaining a satisfactory capital position above applicable capital requirements;
 - (b) The Capital Enhancement Plan includes a series of concerted and comprehensive capital enhancing actions in 2021, including the Share Capital Increase through the Combined Offering, which are intended to strengthen our capital position and improve our capital adequacy ratios. The primary objective of the Capital Enhancement Plan is to facilitate the execution of the NPE Reduction Plan and improve our capital position with capital enhancing actions ranging between approximately €2.8 billion to €3 billion in 2021, of which an amount between €1.2 billion to €1.38 billion is intended to be provided through the Share Capital Increase; and
 - (c) The Transformation Plan represents our long-term strategy to achieve operational excellence by focusing on our core commercial banking activities, executing on our business and retail banking growth strategy, increasing efficiency and reducing operating costs throughout our organisation, improving and expanding our digital platform and implementing comprehensive sustainable banking and ESG policies.
- (iv) ***Anticipated changes in our financial position:*** our financial targets factor in contemplated material changes in our financial position as we aim to transform our business into a clean, de-risked bank. This includes an anticipated drastic reduction of our NPE exposure by €19 billion upon the successful completion of our NPE Reduction Plan, as well as a materially strengthened capital position and improved capital adequacy ratios following the successful completion of a series of concerted and comprehensive capital enhancing actions in 2021, including the Share Capital Increase through the Combined Offering.
- (v) ***Legal and regulatory developments:*** we are subject to extensive regulation under applicable financial services legislation and regulation, and our financial performance targets have factored in key changes to the legal and regulatory environment in which we operate. These include contemplated governmental responses to the COVID-19 pandemic, as well as ongoing regulatory developments, in particular as relates to NPEs and capital adequacy requirements, which are key considerations underlying our strategic initiatives. We have also factored into our financial analysis anticipated benefits to be derived from the HAPS scheme and its anticipated extension, both of which are intended to support the reduction of non-performing loans held by Greek banks.

In order to assist investors to evaluate and compare our profit forecasts to our historical financial results, we have set forth below a side-by-side comparison of our historical results for the year ended 31 December 2020 to our short-term (2022-2023) and medium-term (2024-2026) financial targets. The profit forecast set forth below have been compiled and prepared on a basis that is both comparable with our historical financial information and consistent with our accounting policies. The information relating to these targets has not been audited or reviewed by our statutory auditors.

	Historical Financial Information	Profit Forecasts*	
	Year ended 31 December 2020	Short-Term (2022-2023)	Medium-Term (2024-2026)
Net interest income	€1.5 billion	€1.2 billion per annum	€1.3 billion per annum
Net fee income, trading & other operating income	€0.4 billion	€0.5 billion per annum	€0.6 billion per annum
Operating expenses	€(1.1) billion (including approximately €0.15 billion of one-off staff restructuring costs)	€(0.9) billion per annum	€(0.8) billion per annum
Pre-provision income	€0.8 billion	€0.9 billion per annum	€1.1 billion per annum
Impairment losses on loans and other assets	€(1.3) billion	€(0.4) billion per annum	€(0.3) billion per annum
Profit before tax	€(0.5) billion	€0.4 billion per annum	€0.8 billion per annum

* Amounts represent management targets for the periods presented assuming, among other factors, the successful and timely completion of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan.

The main drivers of our future profitability are expected to be increased performing loan interest income, strengthened net fee income, operating cost reductions and the cost of risk normalisation in the aftermath of the significant de-risking of our balance planned for the near term. Specifically, our ability to achieve our targets for improved profitability are based on the following components of our business plan (all of which assume the successful and timely completion of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan):

- we target to defend our net interest income, managing a decrease from approximately €1.5 billion of net interest income in 2020, to approximately €1.2 billion of net interest income in the short term and approximately €1.3 billion in the medium term; we have established these targets based on the loan growth assumptions set forth in the “—Assumptions”, an expected increase of our securities portfolio and anticipated increase in the benefit to be received from TLTRO utilisation;
- we also target to grow net fee income (including trading and other operating income) from €0.4 billion in 2020 to approximately €0.5 billion in the short term and approximately €0.6 billion in the medium term; this target is partially due to the recognition that Greek banks, including Piraeus Bank, have historically underperformed European peers significantly in the generation of fee income as percentage of total assets; we have assumed an approximately 10 basis point increase of net fee income over assets at 0.6% in the medium term, as we intend to diversify our fee income pool from traditionally loan-linked categories to new sources of fees (including, for instance, by generating fee income from bancassurance, recognising that Greece has been historically under-insured; similarly asset management fees in Greece are comparatively low, given low historical demand for savings to be allocated toward investment products);
- we aim to decrease operating expenses by €120 million in the medium term, from approximately €1.1 billion in 2020 (including approximately €0.15 billion of one-off staff restructuring costs), to approximately €0.8 billion in the medium term; these savings will mainly be driven by footprint rationalisation, coupled with headcount releases (from around 10,000 currently to 8,000 in the medium term), as well as through various other optimisation initiatives and digitalisation across our business platform; and
- we expect to reduce impairment costs to align with current European benchmarks; supported by the key macroeconomic assumptions described herein, we expect cost of risk (*i.e.* loan impairment changes, and including impairment charges on other assets) de-escalation to be driven by our near-term €19 billion balance sheet de-risking, with cost of risk (*i.e.* loan impairment changes, including

impairment charges on other assets) expected to decrease from approximately €1.3 billion in 2020, to approximately €0.4 billion in the short term and approximately €0.3 billion in the medium term.

These forecasts are based on a range of expectations and assumptions regarding, among other things, our present and future business strategies (including, in particular, our strategies relating to the implementation of our NPE Reduction Plan, our Capital Enhancement Plan and our Transformation Plan), cost efficiencies, and the market environment in which we operate, some or all of which may prove to be inaccurate.

Assumptions

The profit forecasts set forth above are derived from management targets set forth in our Sunrise strategic plan for Piraeus Bank, approved by our Board of Directors on 16 March 2021. These targets for short and medium-term financial performance assume the successful and timely execution of our Capital Enhancement Plan, NPE Reduction Plan and Transformation Plan and are otherwise based on a range of expectations and assumptions, some or all of which may prove to be inaccurate. Accordingly, there can be no assurance that we will achieve any of our targets, whether in the short, medium or long term. Our ability to achieve these targets is subject to inherent risks, many of which are beyond our control and some of which could have an immediate impact on our earnings and/or financial position, which could materially affect our ability to realize the targets described below.

The key assumptions underlying our profit forecasts include, but are not limited to, the following:

- GDP growth for the Greek economy will range between low and mid-single-digit rate per annum;
- the EU Recovery and Resilience Facility programme, which is expected to allocate approximately €34 billion in grants and loans to Greece, will provide sufficient stimulus to assist the Greek economy grow at a rate above historical averages in the short to medium term, and that we will adopt strategies to leverage this programme for the benefit of our business, customers and shareholders;
- prices of residential and commercial properties will continue growing at a mid to high single-digit rate per annum;
- interest rates will remain low for a prolonged period;
- our performing loan book will grow by approximately €2 billion per annum on average during the next two years and approximately €3.5 billion per annum in the medium term (noting that we have achieved net credit expansion of approximately €1.5 billion under challenging circumstances during 2020 and that the Greek economy has been deleveraging for more than a decade, while the retail segment has been contracting on a net basis; we believe that, as the Greek economy recovers, demand will accelerate in the business and retail segments); and
- NPE inflows from moratoria expirations will be approximately €1 billion (representing an approximately 20% default rate) for the short term; we expect NPE inflows to be approximately €1.7 billion in 2021, gradually decelerating from 2022 onwards.