

Draft Demerger Deed
of the company named “Piraeus Bank Société Anonyme”
by way of hive-down of the banking activity sector and its contribution into a new entity to be incorporated and licensed as a credit institution, pursuant to article 16 of Law 2515/1997 and articles 54 para. 3, 57 para. 3 and 59-74 of Law 4601/2019

PREAMBLE

- A.** On 23.07.2020, the Board of Directors of the company named “Piraeus Bank Société Anonyme” resolved to commence the process of a demerger by way of hive-down of the banking activity sector and its contribution into a new entity to be incorporated and licensed as a credit institution, pursuant to the provisions of article 16 of L. 2515/1997 (in particular para. 5 thereof regarding the consolidation of assets and liabilities) and articles 54 para. 3, 57 para. 3 and 59-74 of L. 4601/2019, as in force (hereinafter the “**Demerger**”).
- B.** Furthermore, the Board of Directors of Piraeus Bank, acting through its authorised representatives, drafted a detailed report explaining and justifying the legal and financial aspects of this Draft Demerger Deed (hereinafter the “**Draft Demerger Deed**”) in accordance with article 61 of L. 4601/2019, as in force.
- C.** Further to the aforementioned corporate resolutions and actions, the Board of Directors of Piraeus Bank, at its meeting of 27.08.2020, unanimously approved the following terms and conditions of the Demerger along with this Draft Demerger Deed.

To this end, the Draft Demerger Deed is now executed in accordance with article 16 of L. 2515/1997 and articles 54 para. 3, 57 para. 3 and 59-74 of L. 4601/2019, as in force, as follows:

1. DETAILS OF THE DEMERGED ENTITY AND THE BENEFICIARY ENTITY

Demerged Entity: The Société Anonyme (credit institution) under the corporate name “Piraeus Bank Société Anonyme”, with the distinctive title “Piraeus Bank”, having its registered office in Athens, with General Commercial Registry no. 225501000 (hereinafter the “Demerged Entity”), as is duly represented by the signatories herein below, who were authorised in relation thereto by the Board of Directors of Piraeus Bank at its meeting of 27.08.2020. Upon completion of the Demerger, the Demerged Entity shall cease to be a credit institution and its corporate name will be changed to “Piraeus Financial Holdings Société Anonyme.”, with the distinctive title “Piraeus Financial Holdings”.

Beneficiary Entity: The beneficiary entity, which will be incorporated by virtue of the notarial deed of the Demerger pursuant to the provisions of the applicable legislative and regulatory framework, shall be a Greek Société Anonyme (credit institution) under the corporate name “Piraeus Bank Société Anonyme”, with the distinctive title “Piraeus Bank”. Said entity will acquire the hived down banking activity sector of the Demerged Entity (hereinafter the “Beneficiary”), as set out in detail under 4.ii. “RESULTS OF DEMERGER” herein below. The Beneficiary shall be licensed as a credit institution, will be a wholly-owned subsidiary of the Demerged Entity and will be seated in Athens.

2. APPLICABLE LAW - DEMERGER TYPE

The Demerger will be effected in accordance with the provisions of article 16 of L. 2515/1997 (in particular paragraph 5 thereof regarding the consolidation of assets and liabilities), in conjunction with articles 54 para. 3, 57 para. 3, 59-74 and 140 para.3 of L. 4601/2019 and article 145 of L. 4261/2014, as in force, by way of hive-down of the banking activity sector of the Demerged Entity and its contribution to the Beneficiary, which will be incorporated upon completion of the hive-down. The Demerger will require the approval of the General Meeting of the Demerged Entity's shareholders, which shall be obtained as prescribed by law and the Demerged Entity's Articles of Association.

3. TRANSFORMATION BALANCE SHEET DATE - BANKING ACTIVITY SECTOR

The assets and liabilities of the hived down sector, as reflected on the Demerged Entity's Transformation Balance Sheet dated 31 July 2020, which was drawn up for the purposes of the Demerger and is attached hereto as Appendix I, forming an integral part hereof (hereinafter the "**Transformation Balance Sheet**"), and as these will be formed until the completion of the Demerger, shall be transferred in the context of the Demerger as balance sheet items of the Beneficiary pursuant to article 16 para. 5 of L. 2515/1997.

The banking activity sector, which shall be contributed to the Beneficiary for the purposes of the Demerger, consists of the following:

- i. all deposits;
- ii. all loans with all their corresponding collaterals;
- iii. all liabilities of the Demerged Entity arising from bond loans issued by the Demerged Entity or its subsidiaries, in relation to which the Demerged Entity acts in its capacity as issuer or guarantor, as the case may be, with the exception of the obligations of the Demerged Entity under the following instruments:
 - (a) all Fixed Rate Reset Dated Subordinated Guaranteed Notes due 26 June 2029 of a total nominal value of €400,000,000, ISIN XS2018638648, in respect of which the Demerged Entity has substituted as Issuer its subsidiary and original issuer of the notes in question "Piraeus Group Finance Plc", under the terms of the Medium-Term Note Programme;
 - (b) all Fixed Rate Reset Tier 2 Notes due 19 February 2030 of a total nominal value of €500,000,000, ISIN XS2121408996;
 - (c) all State Subscribed Reset Perpetual Contingent Convertible Common Equity Tier 1 Capital Bonds of a total nominal value of €2,040,000,000, which were issued by the Demerged Entity on 2 December 2015 pursuant to the provisions of Law 3864/2010;
- iv. unless otherwise specified, all notes held by the Demerged Entity regardless of the relevant issuer (other than those specified under (iii) (a), (b) and (c) herein above) (including, among others, (a) the "Profit Participating Note due 2033", issued by the SPV under the corporate name "Piraeus SNF DAC", (b) the senior notes issued by the SPVs under the corporate names "Phoenix NPL Finance DAC", "Vega I NPL Finance DAC", "Vega II NPL Finance DAC" and "Vega III NPL Finance DAC", and (c) 5% of the mezzanine and junior notes issued by the SPVs under the corporate names "Phoenix NPL Finance DAC", "Vega I NPL Finance DAC", "Vega II NPL Finance DAC" and "Vega III NPL Finance DAC"), with the exception of 95% of the mezzanine and junior notes issued by the aforementioned SPVs, which shall be retained by the Demerged Entity;
- v. all of the Demerged Entity's participations in domestic and foreign legal persons and other entities or undertakings, including participations in subsidiaries, with the exception of the following participations in: (a) the Greek Société Anonyme under the name "Piraeus Agency Solutions Single-Member Société Anonyme Company for the provision of Insurance Products' Distribution and Financial Services", (b) the Ukrainian banking corporation under the name

“JSC PIRAEUS BANK ICB” and c) the company under the name “Piraeus Group Capital Ltd”, which has its registered seat in the United Kingdom and is engaged in issuing credit instruments;

- vi. all assets and liabilities of the two foreign branches of the Demerged Entity, in particular: (a) of the London branch (PIRAEUS BANK LONDON BRANCH) at 8th Floor, Tower 42, 25 Old Broad Str. EC2N 1 PB, London, UK, with local Branch registration no. BR005808, and (b) of the Frankfurt branch (Piraeus Bank Germany - Frankfurt Branch), at Baseler Str. 46 D-60329 Frankfurt am Main, with local registration no. HRB 51094;
- vii. all real estate assets owned by the Demerged Entity, pursuant to the provisions of paras. 7-9 of article 16 of L. 2515/1997, in conjunction with article 140 para. 3 of L. 4601/2019 as in force;
- viii. the debit balances that have arisen for the Demerged Entity based on the provisions of article 27 (paras. 2 and 3) of L. 4172/2013;
- ix. the right to all deferred tax claims, including those determined in accordance with article 27A of L. 4172/2013;
- x. tax claims and liabilities related to the banking activity sector created and assessed up to the Transformation Balance Sheet date, in particular the right to set off the credit balances of withholding taxes on credit institutions, including those settled pursuant to the provisions of article 93 of L. 4605/2019, except any tax claims from tax withholdings related to the Demerged Entity; and
- xi. other assets and liabilities, as well as all of the Demerged Entity's reserves contained in the Transformation Balance Sheet, to the extent that they are related to any items transferred to the Beneficiary.

Upon completion of the Demerger, the Demerged Entity will retain certain assets, liabilities and activities related to the following:

- i. directly and indirectly participating in domestic and/or foreign legal entities and other entities, undertakings and companies established or to be established, of any form and object;
- ii. undertaking or carrying on insurance intermediation and insurance distribution activities on a retainer, pursuant to the provisions of L. 4583/2018, as in force from time to time, for and on behalf of one or several insurance undertakings (insurance agent), providing insurance advisory services to third parties and to companies of the Demerged Entity's group, as well as researching, studying and analysing insurance related issues;
- iii. providing financial advisory services involving planning, development, research, reorganisation, assessment, business strategy, acquisitions, sales, mergers and restructuring of companies;
- iv. providing specialised shareholders registry services to domestic and/or foreign legal entities, other entities and undertakings of any form and object, established or to be established in the future, whether listed on a trading venue or not;
- v. other activities and services similar or conducive to the above.

Moreover, as a company listed on the Athens Stock Exchange, the Demerged Entity shall retain the investor relations unit, the shareholders' registry unit, as well as an internal audit unit.

Furthermore, the Demerged Entity will retain the following:

- i. the liabilities arising from the following instruments:
 - (a) the Fixed Rate Reset Dated Subordinated Guaranteed Notes due 26 June 2029 of a total nominal value of €400,000,000, ISIN XS2018638648, in respect of which the Demerged Entity has substituted as Issuer its subsidiary and original issuer of the notes in question “Piraeus Group Finance Plc”, under the terms of the Medium Term Note Programme;

(b) the Fixed Rate Reset Tier 2 Notes due 19 February 2030 of a total nominal value of €500,000,000, and ISIN XS2121408996;

(c) the State Subscribed Reset Perpetual Contingent Convertible Common Equity Tier 1 Capital Bonds of a total nominal value of €2,040,000,000, which were issued by the Demerged Entity on 2 December 2015 pursuant to the provisions of Law 3864/2010;

- ii. 95% of the mezzanine and junior notes issued by the SPVs under the company names “Phoenix NPL Finance DAC”, “Vega I NPL Finance DAC”, “Vega II NPL Finance DAC” and “Vega III NPL Finance DAC”,
- iii. its participations in: (a) the Greek Société Anonyme under the name “Piraeus Agency Solutions Single-Member Société Anonyme for the provision of Insurance Products’ Distribution Services and Financial Services”, (b) the Ukrainian banking corporation under the name “JSC PIRAEUS BANK ICB” and c) the company under the name “Piraeus Group Capital Ltd”, which has its registered seat in the United Kingdom and is engaged in issuing credit instruments; and
- iv. cash in the amount of €1,307 mn., primarily for the purpose of subscribing to the Subordinated Notes of a total nominal value of €900 mn. to be issued by the Beneficiary, and the payment of the annual coupons for the years 2020 and 2021 in respect of the €2,040 mn. State Subscribed Reset Perpetual Contingent Convertible Common Equity Tier 1 Capital Bonds, amounting to approx. €165 mn. per annum.

It is noted that the verification of the book value of the hived down sector's assets, as these are reflected on the Transformation Balance Sheet, has been conducted by the auditing company PriceWaterhouseCoopers Auditing Company S.A. and, in particular, by the Certified Auditor Dimitrios Sourbis (Ref. No. SOEL 16891), who was appointed by virtue of the decision adopted by the Demerged Entity's Board of Directors on 23.7.2020 in accordance with article 16 para. 5 of L. 2515/1997 and article 140 para. 3 of L. 4601/2019. All actions concerning the hived-down banking sector, which will be effected following the date of the Transformation Balance Sheet and until the Demerger Date (as defined below), shall be deemed to have been conducted for the account of the Beneficiary.

4. RESULTS OF DEMERGER

The Transformation Balance Sheet items of the hived down sector, as these will be formed until the Demerger Date (as defined herein below), shall be treated following the Demerger, as balance sheet items of the Beneficiary.

On the date of registration of the final demerger deed, which shall be drawn up as a notarial deed, with the General Commercial Registry (hereinafter the “**Demerger Date**”), where all other documents prescribed by law shall be filed together with the relevant resolution of the General Meeting of the Demerged Entity's shareholders, the relevant approval of the competent supervising authority and the license to the Beneficiary to operate as a credit institution, the Demerger process shall be concluded and the following shall apply simultaneously and ipso jure vis-a-vis the Demerged Entity and the Beneficiary, as well as third parties:

- i. The Beneficiary shall be incorporated under the Articles of Association to be adopted by the General Meeting of the Demerged Entity's shareholders and included in the final Demerger Deed, which shall be drawn up as a notarial deed.
- ii. The Beneficiary, which will obtain a license to operate as a credit institution, shall substitute the Demerged Entity by way of universal succession to all contributed assets and liabilities, as these are set out in the Transformation Balance Sheet of the hived down sector and formed until the Demerger Date. In the context of the universal succession, pursuant to the provisions

of article 70 para. 2a of L. 4601/2019, the Beneficiary shall acquire all rights, obligations and legal relationships of the hived down sector or related thereto in general, including all administrative licenses issued in the Demerged Entity's name concerning the contributed assets.

It is noted that, as part of the contribution of the hived down sector, all other rights, obligations, intangible assets and any other assets or liabilities related to the hived down sector in general shall be transferred to the Beneficiary without the need for any specific reference herein or in the final Demerger Deed, which shall be drawn up as a notarial deed. Unless otherwise provided herein, any assets and liabilities, authorizations of any kind, rights or legal relationships of the Demerged Entity related to the hived down sector, including without limitation all rights on trademarks, distinctive marks and intellectual property rights, are transferred to the Beneficiary, even if not explicitly mentioned in the Transformation Balance Sheet.

It is noted that any and all Demerged Entity's rights over real estate assets (whether rights in rem or otherwise), regardless whether they have been exercised to this day, are transferred to the Beneficiary without the need for any specific reference herein or in the final Demerger Deed, which shall be drawn up as a notarial deed.

It is clarified that, in the case of rights, obligations and, in general any assets or liabilities or legal relationships of the hived down sector or related to it, which are governed by foreign law that does not recognize the concept of universal succession in case of a hive down under Greek law, the Demerged Entity and the Beneficiary shall arrange for all appropriate action to be taken, in order to consummate the transfer of such assets, rights, obligations and legal relationships to the Beneficiary in accordance with applicable law, as in force.

To the extent that it is not feasible to transfer said assets, rights, obligations and legal relationships to the Beneficiary as set out herein above, the following shall apply: in relation to any non-transferred obligations, the Beneficiary shall duly fulfil such obligations and shall remit to the Demerged Entity without any undue delay any amount irrevocably charged to the latter; whereas in relation to any rights, the Demerged Entity shall collect or liquidate these in accordance with the Beneficiary's instructions, without the right to re-invest the above amounts, and shall subsequently deliver the liquidation proceeds to the Beneficiary without undue delay, however there shall be no obligation to remit any amount to the Beneficiary prior to having received the same. Moreover, the Demerged Entity shall not dispose of any such assets in any way, other than to secure their corresponding remittance to the Beneficiary and subject to the prior written consent of the Beneficiary.

- iii. The Demerged Entity shall become a shareholder of the Beneficiary by acquiring the shares to be issued by the Beneficiary as described herein below (under 7 "EXCHANGE RATIO").
- iv. Any pending lawsuits of the Demerged Entity, which relate to the hived down sector, shall be continued ipso jure by the Beneficiary or against it, without any specific reference needed on the part of the Beneficiary for the continuation of the proceedings, and no legal interruption of the trial shall take place as a result of the Demerger. With respect to any lawsuits of the Demerged Entity pending abroad, which relate to the hived-down sector, the Demerged Entity and the Beneficiary shall proceed with any necessary actions, as per the applicable procedural law, for the continuation of the proceedings by the Beneficiary and, where required pursuant to the applicable foreign procedural law, the trial shall continue with both the Beneficiary and the Demerged Entity as litigants, in which case the provisions of this para. 4(ii) shall apply accordingly. To the extent that in the abovementioned cases it is not feasible for the Beneficiary to continue the proceedings, same shall be continued by the Demerged Entity on the instructions and at the expense of the Beneficiary and, as to all other matters, the provisions of this para. 4(ii) shall apply accordingly.

5. HELLENIC FINANCIAL STABILITY FUND RIGHTS

The Hellenic Financial Stability Fund (hereinafter referred to as the “HFSF”) holds 115,375,400 shares of the Demerged Entity, representing approximately 26.42% of the share capital of the Demerged Entity.

The HFSF will exercise towards the Demerged Entity and the Beneficiary all rights under L. 3864/2010, as amended and in force, as well as those arising from the “Relationship Framework Agreement” as in force or as may be amended pursuant to the provisions of L. 3864/2010, as a result of the Demerger.

In light of the Demerger and in order to preserve the current HFSF rights under the law and the RFA and to enable the exercise of such rights towards the Beneficiary and Demerged Entity (according to the provisions of paragraphs (i) and (k) of article 2 and paragraph 12 of article 10 of L. 3864/2010, as amended and in force), the parties will negotiate in good faith any amendment to the clauses of the RFA, which is necessary to this end, in accordance with the first passage of paragraph 4 of article 6 L.3864/2010, as in effect.

None of the provisions hereof, as well as any other corporate or other act, transaction, action or statement effected in the context of the Demerger process, including but not limited to the final Demerger Deed, which shall be drawn up as a notarial deed, may abolish, limit, hinder, diminish, or in any way undermine, directly or indirectly, the existing rights of the HFSF towards the Demerged Entity and/or the Beneficiary.

6. SHARE CAPITAL

The share capital of the Beneficiary will amount to €5,400 mn., i.e. the amount equal to the net book value of the assets and liabilities of the hived down banking sector, after deducting any reserves associated with such sector, and shall be divided into 5,400,000,000 common, registered voting shares, each with a nominal value of €1.00.

7. EXCHANGE RATIO

Upon completion of the Demerger, the Demerged Entity shall acquire all shares to be issued by the Beneficiary as set out in clause 6 hereof.

The terms of the Demerger are considered fair and reasonable given that, pursuant to the provisions of article 16 of L. 2515/1997 and article 57 para. 3 of L. 4601/2019, the Demerged Entity shall receive all shares of the Beneficiary in return for the assets to be transferred to the latter.

In order to confirm the above, the Board of Directors of the Demerged Entity assigned on 23.07.2020 the auditing company “PriceWaterhouseCoopers Auditing Company S.A.” and, in particular, Certified Auditor Dimitrios Sourbis (Ref. No. SOEL 16891), to provide the opinion prescribed under article 16 para. 5 of Law 2515/1997, regarding the exchange ratio, which is as follows: *“As per para. 3 of Article 57 of L. 4601/2019 “The demerger through a hive down and the establishment of a new company or new companies is the act by which a company (demerged entity) without being dissolved, transfers to one or more companies that are simultaneously being incorporated (beneficiaries) the sector or sectors defined in the draft demerger deed with the acquisition by the [demerged entity] of the shares of the beneficiary [...]” it is self-evident that there is no share exchange ratio and therefore there is no need to provide an opinion as to whether the share exchange ratio is fair and reasonable as well as, an information on valuation methods for the determination of a proposed share exchange ratio. This demerger is fair and reasonable because the Demerged Entity will acquire all the Beneficiary’s shares in exchange for the contributed assets”.*

8. ACTIONS AND FINANCIAL RESULTS OF THE DEMERGED ENTITY FROM 01.08.2020 TO THE DEMERGER DATE

All actions of the Demerged Entity from August 1st, 2020 to the Demerger Date, which relate to the hived-down sector, shall be deemed to have been conducted for the account of the Beneficiary, as provided in articles 59 para. 2(e) and 70 of L. 4601/2019, in conjunction with article 16 of L. 2515/1997, and the relevant amounts shall be transferred to the books of the Beneficiary by virtue of a single entry on the Demerger Date.

9. DELIVERY OF THE SHARES TO BE ISSUED AS A RESULT OF THE DEMERGER

On the Demerger Date, the Beneficiary shall proceed to any necessary actions, in order to register the Demerged Entity as the sole shareholder in the shareholder registry to be maintained by the Beneficiary in accordance with article 40 para. 2 of L. 4548/2018 and the provisions of the Beneficiary's Articles of Associations. The Beneficiary shall furthermore ensure, pursuant to article 40 para. 3 of L. 4548/2018, the issuance and delivery to the Demerged Entity of one or several share certificates incorporating all shares issued by the Beneficiary.

10. RIGHT TO DISTRIBUTIONS

The shares of the Beneficiary, which will be acquired by the Demerged Entity, shall confer to it the right to participate in the profits as well as in any distribution of the Beneficiary to its shareholders, from the Demerger Date onwards, in accordance with the terms and conditions of the applicable legislative and regulatory framework from time to time.

11. PARTICULAR ADVANTAGES AND RIGHTS

No particular advantages or rights are attributed to the experts, the members of the Board of Directors, or the internal auditors of the Demerged Entity in the context of the Demerger.

12. MISCELLANEOUS

The documents set out in article 63 paras. 1(a), (b), (d) and (e) of L. 4601/2019 shall be available to the shareholders of the Demerged Entity at its registered seat, at least one month prior to the General Meeting which shall be convened to approve the Demerger.

In witness whereof, this Draft Demerger Deed was drawn up and is duly signed by the representatives of the Demerged Entity.

For Piraeus Bank S.A.

Theodoros Gnardellis

Dimitrios Mavroyannis

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APPENDIX I

TRANSFORMATION BALANCE SHEET

€ million	31/07/2020
ASSETS	
Cash and balances with Central Banks	4,751
Due from banks	1,252
Financial assets measured at fair value through profit or loss (FVTPL)	323
Financial assets mandatorily measured at FVTPL	122
Derivative financial instruments	531
Reverse repos with customers	24
Loans and advances to customers at amortised cost	37,424
Loans and advances to customers mandatorily measured at FVTPL	124
Financial assets measured at fair value through other comprehensive income	2,099
Debt securities at amortised cost	3,258
Assets held for sale	192
Real estate investments	452
Investments in subsidiaries	565
Investments in associated undertakings and joint ventures	277
Property and equipment	943
Intangible assets	238
Current tax assets	191
Deferred tax assets	6,425
Other Assets	3,033
TOTAL ASSETS	62,224
LIABILITIES	
Due to banks	7,406
Due to customers	46,838
Liabilities at FVTPL	22
Derivative financial instruments	515
Debt securities in issue	468
Retirement benefit obligations	120
Provisions	158
Other liabilities	1,073
TOTAL LIABILITIES	56,600
EQUITY	
Share capital	5,400
Reserves	224
TOTAL EQUITY	5,624
TOTAL LIABILITIES AND EQUITY	62,224

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