

**REPORT OF THE BOARD OF DIRECTORS  
OF THE SOCIETE ANONYME UNDER THE NAME "PIRAEUS BANK SOCIETE ANONYME"  
ON THE DEMERGER of "PIRAEUS INSURANCE AGENCY SOCIETE ANONYME"  
BY WAY OF ABSORPTION BY "PIRAEUS BANK SOCIETE ANONYME" AND "ACCOUNTING  
CONSULTING & TAX SERVICES BUSINESS ADVISERS SOCIETE ANONYME"**

**(in accordance with the provisions of article 55 para. 2, article 58 and article 140 para. 3 of  
Law 4601/2019, article 16 of Law 2515/1997, and the provisions of Law 4548/2018 as in  
force)**

Athens, 19.12.2019, 10:00

To the General Meeting of Shareholders of "PIRAEUS BANK SOCIETE ANONYME"

Dear Shareholders,

The Board of Directors of the societe anonyme under the name "PIRAEUS INSURANCE AGENCY SOCIETE ANONYME" (hereinafter referred to as the "Demerged Entity") has decided to demerge the company's operations within Piraeus Bank Group. To that effect, the Board of Directors of the Bank has decided to participate in the process of this demerger by way of absorption of part (portion) of its assets and liabilities by the Bank (also referred to as the "First Beneficiary Entity"), and of the remaining part (portion) by the company under the name "ACCOUNTING CONSULTING & TAX SERVICES BUSINESS ADVISERS SOCIETE ANONYME" (also referred to as the "Second Beneficiary Entity" and together with the First Beneficiary Entity the "Beneficiaries"). The Board of Directors of the Bank decided to initiate the process of the demerger in accordance with the provisions of article 55 para. 2, article 58 and article 140 para. 3 of Law 4601/2019, article 16 of Law 2515/1997 and the applicable provisions of Law 4548/2018, as in force, and on the basis of the Demerged Entity's balance sheet dated 30/06/2019 which has been defined as the Transformation Balance Sheet of the demerger (the "Demerger").

The final resolution on the Demerger will be taken by the General Meeting of Shareholders of the Demerged Entity and of the Beneficiaries, voting by enhanced quorum and majority, as provided for under the provisions of article 66 of Law 4601/2019 and article 130 para. 3 and article 132 para. 2 of Law 4548/2018.

The Board of Directors of the Bank has appointed the auditing firm RSM Greece SA, with ELTE registration no. 16, to: (i) review the terms of the Demerger Agreement, and (ii) issue a Report ascertaining the book value of the assets of the Demerged Entity, which will be transferred to the above-mentioned Beneficiaries (namely the Bank and "ACCOUNTING CONSULTING & TAX SERVICES BUSINESS ADVISERS SOCIETE ANONYME") upon completion of the Demerger, in accordance with the provisions of article 55 para. 2, article 58 and article 140 para. 3 of Law 4601/2019, article 16 of Law 2515/1997 and the applicable provisions of Law 4548/2018, as in force.

The Board of Directors of the Bank has prepared in writing and in accordance with article 59 of Law 4601/2019, as in force, the Draft Demerger Agreement in relation to the Demerger at hand.

In accordance with article 61 of Law 4601/2019, the Board of Directors of the Bank is issuing this detailed report to explain and justify from a legal and financial perspective the Draft Demerger Agreement. In the context of this report, the Board of Directors wishes to bring the following to the attention of the General Meeting:

#### **I. Financial and business aspects of the Demerger**

The Demerged Entity is an undertaking duly established and operating in Greece, whose object of activity includes marketing and providing insurance and other similar services, and contractually undertaking insurance operations for a fee, for and on behalf of other insurance undertakings. The Demerged Entity's share capital currently amounts to one million two hundred thousand (€1,200,000) Euro, divided into one hundred thousand (120,000) registered shares with a nominal value of ten (€ 10.00) Euro each.

Furthermore, the Bank, is a credit institution duly established and operating in Greece, involved in a broad range of banking operations and activities. The share capital of the Bank currently amounts to two billion six hundred nineteen million nine hundred fifty-four thousand nine hundred eighty four (€ 2,619,954,984) Euro, divided into four hundred thirty six million six hundred fifty nine thousand one hundred sixty four (436,659,164) common registered shares with voting rights and a nominal value of six (€6.00) euro each. The Bank is entitled to provide insurance distribution services in accordance with applicable law.

The Second Beneficiary Entity, is an undertaking duly established and operating in Greece providing financial advisory and other similar services. The share capital of the Second Beneficiary Entity currently amounts to sixty thousand (60,000) Euro, divided into sixty thousand (60,000) common registered shares with voting rights and a nominal value of one (1) Euro each.

The intended outcome of the Demerger is the restructuring and streamlining of the insurance intermediary activities of Piraeus Bank Group, with a view to a more rational allocation of the related operations among the Beneficiaries, and enhanced effectiveness of the Group in the relevant field by utilising the existing experience in the sector of insurance distribution and the Bank's network. The participation of the Second Beneficiary Entity in this Demerger was deemed appropriate due to the fact that it is an existing company and a 100% subsidiary of the Bank, which (the Second Beneficiary Entity) has not shown significant activity in recent years and can, therefore, be used for the purpose of the present transformation without the need to set up a new company for the demerger process and thus saving the corresponding costs for the Group.

In particular, the transformation will be effected by dividing in two parts (portions) the assets and liabilities of the Demerged Entity. In the context of this Demerger, the first part will be transferred by way of absorption to the Bank, and the second part will be transferred by way of absorption to the Second Beneficiary Entity.

The Demerger will be based on the assets and liabilities of the Demerged Entity as reflected in the Transformation Balance Sheet dated 30 June 2019 of the Demerged Entity, as said date was determined by the decisions of the Boards of Directors of the Demerged Entity and the Beneficiaries adopted on 21 November 2019, 21 November 2019 and 21 November 2019, respectively.

The absorption of the assets and liabilities of the Demerged Entity by the Beneficiaries, in accordance with the allocation laid down in the Draft Demerger Agreement and in the demerger deed, will be implemented by consolidating the assets and liabilities held by the Demerged Entity, as reflected in the Transformation Balance Sheet dated 30 June 2019 of the Demerged Entity and described below, with the assets and liabilities of each Beneficiary in accordance with article 16 of Law 2515/1997, and as all of these will be formed in each portion until such time as this demerger has been duly completed, and the assets and liabilities of the Demerged Entity are transferred as balance sheet items of the Beneficiaries (by way of absorption) as above.

The transfer of the assets and liabilities of the Demerged Entity, by way of absorption by the two Beneficiaries, will be effected in accordance with the terms applicable to universal succession (assets and liabilities), pursuant to the provisions of article 70 of Law 4601/2019, as specifically set out below in section II hereof.

In light of the above, it is estimated that:

In view of the provisions of Law 4583/2018, which incorporated Directive (EU) 2016/97 on insurance distribution into Greek law, the Demerger at hand will enable further utilisation of the Demerged Entity's existing experience in the sector of insurance distribution, as well as better development of the Bank's network and certified employees with regard to insurance distribution.

The Demerger at hand will allow for a more rational, efficient and facile development of the corporate structure and business operation of the insurance distribution activities of Piraeus Bank Group.

The Demerger will help further develop and streamline the current insurance distribution activities of Piraeus Bank Group, will have a business and economic impact in Greece; and will, in any case, remain subject to taxation in the country.

Consequently, it is deemed that opting for a corporate restructuring by the demerger of the Demerged Entity and the concurrent absorption of its divided parts by the Beneficiaries is a highly beneficial decision from a financial and business point of view for the long-term strategy of Piraeus Bank Group in the insurance distribution sector.

The intended Demerger will, therefore, create further value for the shareholders of the Bank, mostly by giving them the ability to participate in any surplus value created in the future.

In view of the above, the Demerger is taking place solely for financial / business reasons.

## **II. Legal aspect of the Demerger.**

The intended Demerger to be effected in accordance with the provisions of article 55 para. 2, article 58 and article 140 para. 3 of Law 4601/2019, article 16 of Law 2515/1997 and the applicable provisions of Law 4548/2018 as in force, will utilise the incentives and advantages provided by the aforementioned legal framework, especially those of article 16 of Law 2515/1997 and of Law 4601/2019 as follows:

### Legal incentives - advantages

The transfer of the assets and liabilities of the Demerged Entity, by way of absorption by the two Beneficiaries, will be effected in accordance with the terms applicable to universal succession (assets and liabilities), pursuant to the provisions of article 70 of Law 4601/2019 as in force.

More specifically, upon completion of the Demerger, the two Beneficiaries will substitute, automatically, simultaneously and without further formalities, in accordance with applicable law, the Demerged Entity, as universal successors to the assets and liabilities transferred thereto. The universal succession involves the entire property of the Demerged Entity, i.e. all of its rights, obligations and legal relationships, including any administrative licenses issued in favour of the latter, and which relate to the assets and liabilities to be transferred, without the need to separately transfer (i.e. independently) individual assets, rights and obligations of the Demerged Entity. The transfer of assets and liabilities to the two Beneficiaries will take place in accordance with the allocation laid down in the Draft Demerger Agreement and the demerger deed, as set out above.

Furthermore, in view of the fact that the Bank is the sole holder (100%) of the share capital of the Demerged Entity and of the Second Beneficiary Entity, and pursuant to the applicable provisions of Law 4601/2019:

- a) the transfer (by way of absorption) of part (portion) of the assets and liabilities of the Demerged Entity to the Bank will not result in any increase in the Bank's share capital, due to concurrence;
- b) the holding stake of the Bank in the Second Beneficiary Entity will be increased in accordance with the allocation laid down in the Draft Demerger Agreement and in the demerger deed, without applying any share exchange ratio.

Furthermore, according to Article 16 of Law 2515/1997, the demerger deed, the contribution and transfer of assets and liabilities of the Demerged Entity, any related act or agreement concerning the contribution or transfer of assets or liabilities or other rights and obligations, as well as of any real, contractual or other rights, the shares to be issued, the decisions of the General Meetings of the parties involved in the Demerger, the holding percentage in the capital of the Second Beneficiary Entity, as well as any other agreement or act required for the Demerger and the publication of the above resolutions in the competent General Commercial Registry are exempted -inter alia- from any taxes, stamp or other fees, contributions or rights in favour of the State or any third parties.

### **III. Impact on the Company's employees resulting from the Demerger**

The Demerged Entity has 36 employees (as at 30/06/2019). It is expected that the Demerger will have no negative impact on the employees of the Demerged Entity, and that the rights and obligations of said employees will not be affected by the Demerger.

The employees of the Demerged Entity will be transferred to the Second Beneficiary Entity in implementation of the provisions of presidential decree no. 178/2002 and, upon completion of the Demerger as provided by Law 4601/2019, the Second Beneficiary Entity will take on all rights and obligations arising from the employment relations and contracts of the employees to be transferred to the latter.

Further to all the above under sections I, II and III of this report, and in relation to the completion of this Demerger, the Bank acknowledges explicitly and unreservedly—and wishes to hereby point out to the Shareholders—that the completion of this Demerger is, in any case, subject to the regulatory supervision by the competent regulatory authorities and bodies (indicatively: Ministry for Development, Bank of Greece etc.) which regulate the business activity of the Demerged Entity, the Bank and the Second Beneficiary Entity, as the case may be, under applicable law.

Dear Shareholders,

For all the above financial and legal reasons, the Board of Directors of the Bank considers that the Demerger is absolutely justified and, convinced that the best possible business decision has been made at this time, we hereby submit this report to the General Meeting of Shareholders of the Bank with the proposal to approve the Draft Demerger Agreement prepared by the Board of Directors, and the proposed Demerger in general.

#### **FOR THE BOARD OF DIRECTORS**

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**Vasileios Koutentakis**

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**Georgios Georgopoulos**

This document was registered as at 13.01.2020 on the website of the General Commercial Registry (G.E.M.I.) via the link <https://www.businessregistry.gr/publicity/show/225501000> and is available as of 15.05.2020 on the website of Piraeus Bank via the link <https://www.piraeusbankgroup.com/en/investors>.